

COMMERCE

PL. 122 No. 3126

BOMBAY, APRIL 3, 1971

PRICE Rs. 2

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Defectors Rock Gujarat

ASEAN Getting into Gear

Banks After Nationalisation

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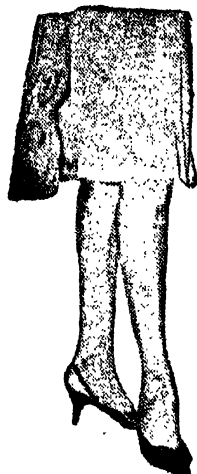
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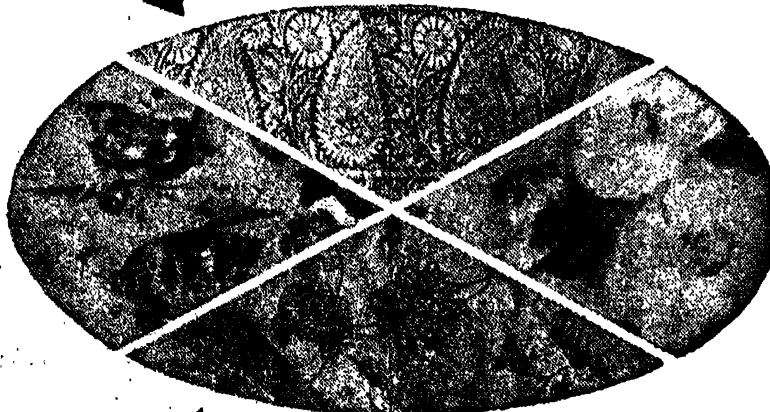
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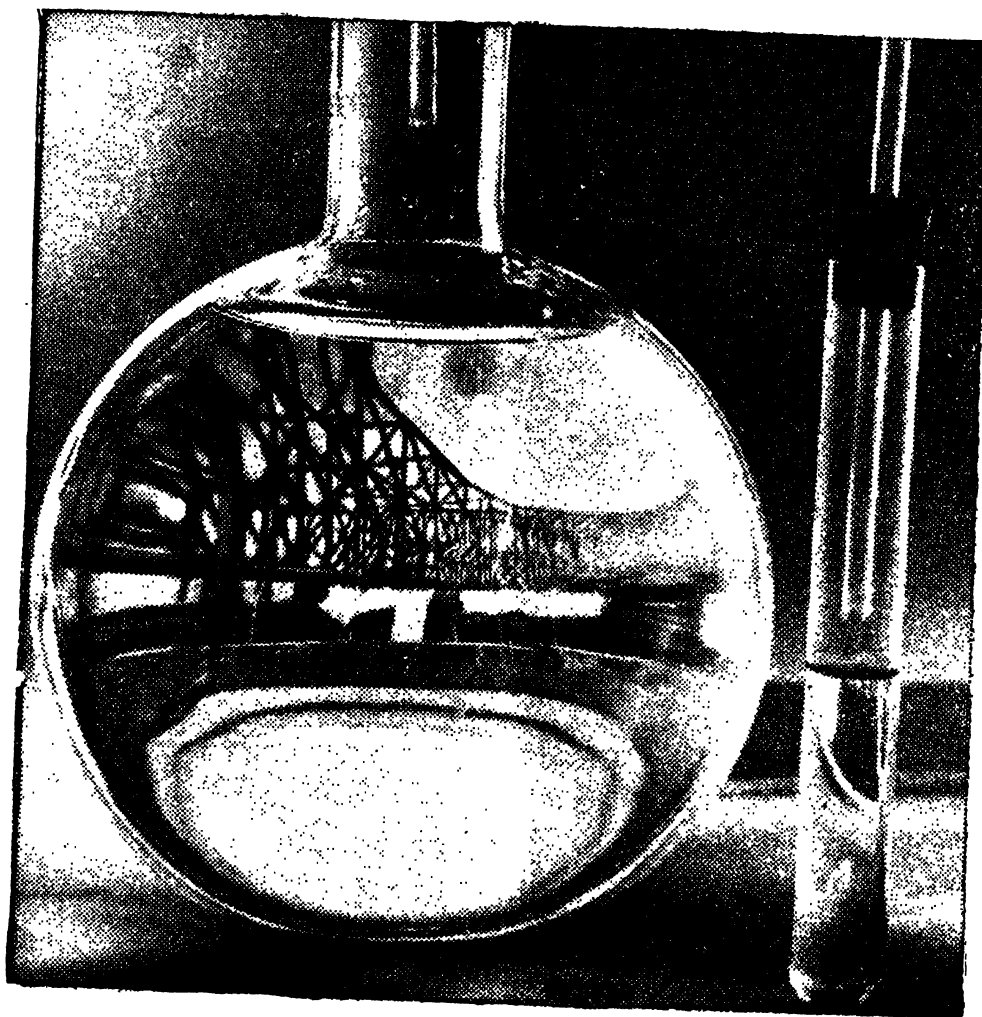
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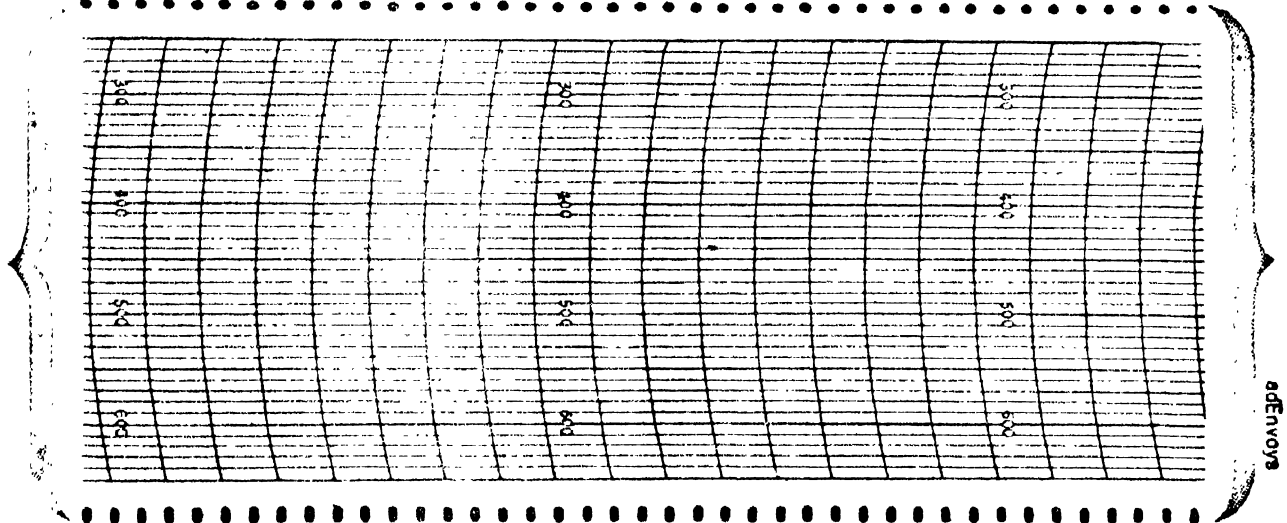
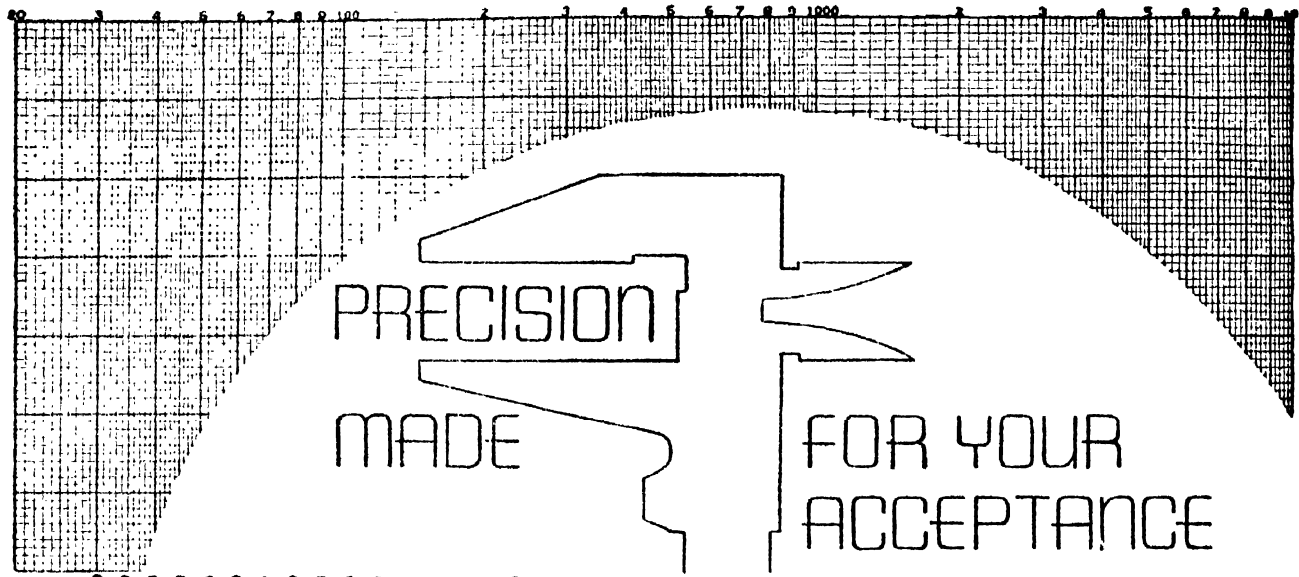
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End of Pakistan?

IT is difficult to have a clear picture of what is happening in Bangla Desh where, with primitive weapons and indomitable courage, the people are fighting the military might of Pakistan for establishing democratic freedom. As a resolution adopted by our Parliament on Wednesday says, a massive attack by armed forces, despatched from West Pakistan, has been unleashed against the 75 million people of East Bengal with a view to suppressing their urges and aspirations. Tanks, bombs, rockets and paratroopers are engaged in a desperate bid to break the resistance of the defenceless civilian population. Where will this senseless carnage end? Is it the end of Pakistan and the establishment of a free Bangla Desh? Whatever happens, it will take a long time for the people of Bangla Desh to forget the inhuman atrocities inflicted on them by the Pakistani troops.

The Government of India has rightly acted with great restraint even while expressing its solidarity with the people of that troubled land in their struggle for a democratic way of life. It has taken care to see that nothing is done that could be construed as undue interference in the affairs of the neighbouring country. Even the resolution moved by the Prime Minister and adopted unanimously by Parliament seeks essentially to rouse the conscience of the world and to compel the Government of Pakistan to put an end immediately to "the systematic decimation of people which amounts to genocide". The happenings in Bangla Desh are a matter of concern to humanity at large and any action that could be taken with advantage has to be under international auspices. The Government of India is exploring the possibility of raising the issue in the UN Security Council. India is in touch with the governments of other

countries as well as members of the Afro-Asian community to evolve a common approach founded on basic human values. Besides this the Government seems to have taken a decision to allow refugees from Bangla Desh to enter Indian territory in their bid to escape the terror of the Pakistani troops. This decision is quite consistent with the approach of the Government which is based on humanitarian grounds. At this stage nothing more should be done till a clearer picture of the developments in Bangla Desh is available.

It is unfortunate that some neighbouring countries like Ceylon have provided refuelling facilities to the Pakistani armed forces on their way to mow down defenceless civilians. One can understand the desire to avoid entanglements in the internal affairs of other countries. But certain human values must have priority over any other consideration. It is these human values that are involved in the facilities provided by these neighbouring countries.

While the Government and the people of this country should do all they can to help the victims of aggression, they should desist from taking unilateral action which might be construed as interference in the affairs of Pakistan. Till the present military action started, the issues were fairly simple. Sheikh Mujibur Rahman and his Awami League had captured a majority of seats in the National Assembly of Pakistan and they were demanding the transfer of power to the majority party and an end to martial law. These demands were quite consistent with the democratic values to which India is committed. President Yahya Khan was himself reported to have been in favour of conceding these demands. It is now clear, however, that he was engaged in negotiations with the Sheikh merely

with a view to buying time. Even while these negotiations were on, military preparations were in full swing and West Pakistani troops suddenly appeared at the port of Chittagong. Soon afterwards negotiations were abruptly ended. Sheikh Mujibur Rahman was charged with treason. The Awami League was declared an unlawful body and stricter martial law regulations were proclaimed, which made it difficult for the people of Bangla Desh to agitate for what they considered to be their legitimate rights. It was at this stage that Sheikh Mujibur Rahman is reported to have declared Bangla Desh as an independent nation, and his followers are now engaged in a bloody war to assert their sovereignty on Bangla Desh.

The shift in Sheikh Mujibur Rahman's stand is no doubt the result of the treatment meted out to him by President Yahya Khan and Mr Bhutto. They refused to recognise the simple fact that he was the leader of the majority party and as such was entitled to demand that power should be transferred to him as the representative of the people. As the Sheikh put it, while in the neighbouring India Mrs Gandhi was called to form the Government immediately after her party won the majority, bullets awaited him after winning the majority. Instead of conceding this legitimate demand West Pakistan declared a virtual war on Bangla Desh without any provocation from either Sheikh Mujibur Rahman or the Awami League. It is difficult to imagine what happened between the final talks. President Yahya Khan had with Sheikh Mujibur Rahman and his announcement that the Sheikh was guilty of treason. It is the West Pakistan military administration which is solely responsible for the Sheikh's declaration of independence of Bangla Desh. It can further be argued that the recent happenings in Bangla Desh have laid bare a basic contradiction in the very two-nation theory on which Pakistan is based. It had been presumed rather too hurriedly that common religion automatically served as the basis for a sentiment of belonging to a common nation in the western and eastern wings of Pakistan separated by nearly 2,000 kilometres. It has now been proved beyond a shadow of doubt that the people of East Bengal could not reconcile themselves to the domination of West Pakistan. They could not accept the underlying assumption that the people of West Pakistan were somehow racially superior to the people of East Bengal. The sweeping success of the Awami League in the elections was largely due to the resentment of the people of East Bengal against the western wing. They had a legitimate grievance that no attempt had been made by the military administration to develop the economy of East Bengal and that it had unnecessarily picked quarrel with India and snapped the trade ties that are so vital to the economy of East Bengal. The Bangla Desh leaders were, therefore, justified in their feeling that they were treated as secondary citizens in a country where they were in a majority.

Granting all these, however, India has to accept the fact that she was a party in the creation of Pakistan. There has to be sufficient justification for the recognition of Bangla Desh as an independent nation in terms of international law and practice. Without interfering in the internal affairs of a nation it would be legitimate to accept a *fait accompli*. There are instances in recent history supporting such a step. But this can only be done after the fact of Bangla Desh is sufficiently well established. Our sympathy for the people of the neighbouring country in their sufferings should not hustle us into an action which might have serious implications. The best course, therefore, is to act in unison with other like-minded nations. In the meantime we have to do all we can to mitigate the hardships of the people of Bangla Desh especially when they cross over to our territory.

Still-born credit planning

THE State Bank Chairman, Mr R. K. Talwar's speech at the 16th annual meeting of the shareholders is informed by an understanding of practical issues involved in implementing the basic

policies relating to banking and monetary affairs. He is fully dedicated to the new banking policy designed to aid the weaker sections of the community. Also, he supports without any reservation the recent monetary curbs designed to contain inflationary pressure. But he is aware, too, of the dilemma facing the banking system which cannot deny assistance to the large- and medium-scale industries or to the priority sectors, while at the same time complying with the credit curb directives of the Reserve Bank. Banks are thus placed in a difficult situation in which they can be accused by some of not having gone far enough and by others of having gone too far in meeting the wishes of the monetary authorities.

The dilemma of the banks is that large- and medium-scale industries cannot be denied assistance without detriment to industrial production, and the weaker sections of the community cannot be denied assistance without a serious setback to public policy. Mr Talwar was, therefore, right when he suggested, "surely the decision cannot be left to the discretion of each individual bank and the situation calls for credit planning and clear guidelines to the banking system as regards the appropriate priorities in lending".

In this situation, the constructive suggestion made by Mr Talwar deserves attention from all concerned and particularly from the monetary authorities. Mr Talwar starts with the premise that the quantitative apportionment of the total bank credit among the various sectors and sub-sectors of the economy should be in keeping with Plan priorities. In essence, this is not a wholly new idea. The necessity as well as the feasibility of credit planning were accepted by the Government about three years ago. In order to ensure evolution of a proper credit plan, the Government also appointed the National Credit Council, which, unfortunately, has been in a dormant state for the past two years or so. In the context of the new situation, highlighted by Mr Talwar, the Union Finance Ministry and the Reserve Bank should revive the work on credit planning and if necessary revive the National Credit Council also.

Mr Talwar's thinking on the subject of financing agriculture by commercial banks also deserves attention. Banks cannot go in this direction at breakneck speed. If loans to farmers are to do any good to the farmers and the country, and not jeopardise the existence of the banking system, the banks must evolve the machinery to evaluate the proposals initially and supervise the use of the loans subsequently. Hence Mr Talwar's concept of area approach, under which loans are given in selected areas consisting of a village, a cluster of villages, or a few talukas, leading to "integrated and harmonious development". He is, of course, all for a progressive increase in this activity, but his is a call for recognition of reality.

Mr Talwar has also raised a few controversial issues. One relates to rates of interest on deposits. If the purpose of raising the Bank rate is to raise the rate structure, and the lending rates are stepped up accordingly, the depositors should not be left high and dry. Mr Talwar has rightly argued that the depositors must also be given what is due to them. Many eyebrows might be raised at his criticism of the Unit Trust of India and the Life Insurance Corporation of India operating in the call money market and commanding rates of interest on their surplus funds which are "as disproportionately high as 11 to 12 per cent", when individual depositors are denied the same benefit. Perhaps the two financial institutions have a case, and it is up to them to state it. On a broad consideration, it appears to us that it should be either an "inter-bank" call money market, confined to banks as it used to be, or it should be a call money market in which both individuals and institutions can participate. The pros and cons of this issue call for careful study before one takes a dogmatic stand on it. Any way, as for the Unit Trust of India, the situation appears to be very clear. It was formed by the Government not to promote financial investment but exclusively to promote industrial investment in the country.

I HEAR that a wind of restlessness is blowing across some of our chambers of commerce. Young industrialists have now begun to question the very approach of seasoned industrialists and the accommodating office-bearers of these chambers. The questioning is taking place in almost every direction. It is being asked whether the chambers of commerce should confine their activities to stereotyped protests about the real and the not-so-real grievances of the business community. Would it not be proper, it is being suggested, to extend the activities of the chambers to the vital task of protecting such basic interests of the consumer as fair price and availability of unadulterated goods? It is also asked whether our chambers of commerce should in effect remain the mouth-piece of an influential and powerful minority of the private sector or of the entire spectrum of the private sector. Young and progressive industrialists wonder whether the chambers of commerce should not forge internal sanctions to discipline a few blacksheep who tarnish the image of the business community. The recent unprecedented rebuke administered by the Indian Merchants' Chamber to the paper industry for manipulating production pattern in such a way as would create avoidable inconvenience to consumers has been hailed by the younger generation of industrialists as a new departure. But if a chamber of commerce warns an erring industry without forging sanctions, its warnings might eventually become a joke.

Is it impossible to forge sanctions against erring members of a chamber of commerce? Our Bonn correspondent, Mr Radhesyam Purohit, who is on a lecture tour of India tells me that German chambers of commerce protect the consumers against the malpractices of business and industrial firms quite zealously. Mr Purohit says that all the traders and industrial units in West Germany have to become members of the town Handelskammer or chamber of commerce. Though the Handelskammer represents the interests of its members, it cares equally for the rights of the consumers. For example, if you buy an electrical appliance from a shop and find that you are cheated in the matter of price or quality, you can go to the Handelskammer and file a case. If, after examining both sides of the case, the Handelskammer finds that the supplier was guilty of overcharging or of supplying goods of inferior quality, it can even dismiss him from the chamber of commerce. This means the end of his business. You cannot do any business in West Germany unless you are a member of a chamber of commerce. In cases of minor aberrations the chamber imposes a penalty on a trader or a manufacturer. Recovery of this fine is guaranteed by the German civil court. So the whole structure of the German chambers of commerce is so organised as to protect the interests of business and consumer simultaneously.

There has been considerable talk these days about the dialogue between business and government. It is true that to quicken the pace of growth with social justice the government and the business community should speak in the same idiom. It is also true that one should not over-emphasise one aspect of the problem and the other another aspect of the same problem. It has so happened that the stock reaction of business spokesmen to Indian poverty is "increase production" and that of the politician, "dis-

EDITOR'S NOTEBOOK

tribute wealth". In a modern technological society the cake cannot be enlarged without putting more purchasing power in the hands of those who have little. This purchasing power would be meaningless if the output is not increased simultaneously in a big way. So the issues of increased production and social justice are so inextricably linked that only an economic illiterate can emphasise one aspect to the exclusion of the other. Just as our trade unions have to be output-oriented, our chambers of commerce should be constantly aware of the crucial role that social justice plays in increasing output without avoidable interruptions. Such a transformation of trade unions and chambers of commerce can only take place if there is some rapport between these organisations and the mass of consumers. The responsibility of the chambers of commerce is all the more important because they represent a relatively affluent segment of our poor society. Evolution of such a responsibility has assumed importance because of the fact that there is hardly any movement for the protection of consumers in India. Here is a rare opportunity for our chambers of commerce to become the spokesmen of both business and consumers. Once Acharya Vinoba Bhave aptly observed that if the private sector protects the interests of the people, it need not worry about its future. The people themselves will defend the private sector.

Are our chambers of commerce capable of seizing this opportunity of becoming spokesmen of both business and consumers? I have a feeling that these sleepy organisations are unaware of the changing environment in which they have to function. From the endless number of memoranda prepared by them one gets an impression that more often than not they are in effect the spokesmen of a small segment and not of the private sector as a whole. To be specific, the small trade and industry, which account for about 15 per cent of the economic activity in this country, are almost totally neglected by these chambers. Of course, recently some of them have established special committees to look after the interests of the unorganised private sector. But these committees rarely meet. Their perfunctory functioning only reflects their cavalier attitude towards the small trader and entrepreneur who are the *Harijans* of our private sector.

I believe that the role of chambers of commerce in a poor developing country which functions within the framework of parliamentary democracy is quite different from that in an affluent democratic society in the West. In Western countries, because of the technological development which has percolated to the lower strata of society and the widespread system of social security, there is a tolerable floor below which poverty would not descend. In such a society the intensity of tensions is on the whole kept within manageable proportions. The common man in industrialised countries sometimes suspects a lobby but on the whole he tolerates it. In fact, the majority of the people consider it as an integral part of the social and economic organisation. But in a country like India a lobby of the relatively

affluent section of our society is considered at best a nuisance. Normally in the public eye it is equated with an avoidable curse. The ostentatious consumption of wealth at the slightest provocation has accentuated this feeling. It is true that the ostentatious consumption by Indian politicians is worse than that by most of the industrialists. But this is not immediately noticed because of the incessant propaganda against the private sector and also because of the fact that in a democracy ministers could be thrown out at the interval of every five years or so. Whatever may be the reason there has been a feeling among the people that the distribution of justice is not evenly meted out in India. It is this widespread feeling of being kept out of the feast that has created exasperating problems for the private sector and their organisations.

When I think about the functioning of the chambers of commerce in this country, one thing that strikes me is the extremely poor calibre of the office secretaries who man these chambers. I know there are a few notable exceptions. But they are an oasis in the Sahara of our trade and industry organisations. Like the elected ministers, the honorary office-bearers come and go, but it is the office secretary of the chamber who has to maintain continuity of its functioning and develop the requisite technical expertise to safeguard the interests of the association. In today's situation any person who is supposed to do this job should be a highly competent person, as competent as a top-ranking executive of a large business house. More often than not, these secretaries of chambers are poorly paid. Their selection is made by seniority without any regard to their competence. Their work is more appreciated if they function as yes-men. It might be easy for the honorary office-bearers to carry on the work of the chamber with such yes-men. But it is not realised that spineless secretaries are ill-suited to carry out the extremely complex task which is entrusted to them.

Having seen the functioning of a number of association secretaries, I am convinced that we are badly in need of an organised system of imparting training to association secretaries. What should be the curriculum? It should include drafting of memoranda, adequate knowledge of the functioning of the Indian economy and of the economic policies of the Government, an understanding of the political issues involved and of the psychology of bureaucrats and politicians who together formulate and implement the economic policies of the country. In these days of seminars, I wish some all-India chamber of commerce holds a seminar on the curriculum for the course of trade association secretaries. I hope some organisation will start regular training courses for association secretaries. There is no dearth of economic research foundations. But they are more concerned with special pleading than with independent economic research. The resources of the pseudo-economic research organisations would be better utilised if they are diverted to finance even refresher courses for the secretaries of our chambers of commerce.

MARKET GOSSIP

Funds for call money market

FINANCIAL institutions seem to have been irked at the reopening of the issue regarding the correctness or otherwise of their lending funds through the call money market. The Reserve Bank had permitted the LIC and the UTI last year to enter the call money market after considering the pros and cons of the issue. The institutions concerned, namely, the co-operative banks, the LIC and the Unit Trust do not seem to have anticipated that the State Bank of India would question the propriety of entry of these institutions into the call money market.

The financial institutions feel that if they had not lent their surplus funds through the call money market, the call rate would have gone up beyond the 11 per cent level. In the past also the rate had gone up to 13 per cent, though temporarily, when the LIC and the UTI had not been operating in the call money market. The funds lent by them through the call money market were needed by them at short notice for long-term investments or other purposes. As the busy season comes to an end the demand for funds in the market would also go down. Thus the higher return on the funds in the market was a passing phenomenon. If these institutions had been borrowers in the market would the SBI or other banks have made available funds at the Bank rate? Another point made in this connection is that some of the subsidiaries of the SBI had borrowed from the former banking companies funds at higher rates. When the SBI group of banks could afford to pay higher rates to private sector companies what was wrong if the public sector organisations were to some extent benefit by higher interest rates? After all, the benefit would be passed on, at least partly, to the policyholders and unit holders numbering lakhs.

It is also pointed out that at the beginning of the busy season the SBI had announced its intention to enter the call money market both as lender and borrower "at an opportune moment". It was then stated that the entry of the SBI into the call money market would serve to some extent the purpose which the RBI had been striving for, namely, the Reserve Bank should be the lender of the last resort in the real sense after the available surplus in the banking system had been absorbed. However, during the first five months of the current busy season the SBI had not lent any funds in the call money market.

The LIC's total funds in the banks are nearly Rs 20 crores. A substantial part of these funds are in current account which do not fetch any interest. The interest earned by the LIC on the deposit account is at rates that do not have any bearing with the interest rate at which funds are available for individuals or institutions. The SBI's plea for placing the financial institutions at par with individuals in this respect is not acceptable to these institutions. A section among the financial circles feels that there is no competition among the banks for securing

deposits. The depositor does not, therefore, get a fair deal. The borrower also has to pay high costs for bank credit. The spread between the earnings of the banks on the funds they lend and the interest paid on deposits is widening. The operational costs of the banks are going up because of go-slow and other developments. If the banks succeed in improving their efficiency and mobilising the deposits they could cut down their reliance on the Reserve Bank as also the inter-bank call money market. This could more effectively bring down the interest costs of the banks.

At least one phase of this controversy seems to be over. The Reserve Bank sources indicated on March 30 that the Bank was unlikely to withdraw the permission given to the LIC and the UTI to operate in the call money market. □

Cotton take-over

THE Union Government's commitment to effect a total take-over of import trade within a year or two, as announced by Mr L. N. Mishra, the Union Minister for Foreign Trade, in the Rajya Sabha on Friday last, has had a mixed reaction in cotton circles. With the implementation of the canalisation programme from the current season, the importers have, no doubt, been resigned to the inevitable sequel. There are talks in import circles about possible diversification of their interests. As quite a few importing firms also undertake transactions in indigenous cotton, it is possible that the stakes will be more and more on Indian cotton on the assumption that it would take much more time for the Government to take over indigenous trade, over which also there has been a commitment by the ruling party.

Placing the accent on the reference to the period "a year or two" as contained in the Minister's statement, a section of the importers is of the view that this is breathing time enough to make a graceful, if not profitable, exit from the field. Some of the representatives of the import trade have already gone abroad or have plans to go overseas to see how best the present situation could be taken full advantage of. Whatever be the ideological justification for the take-over of the import trade, the cotton economy, trade circles feel, is bound to be faced with teething troubles following fuller experimentation of canalisation. As it is, cotton imports during the current season have been less than half of the quantum received this time last year. Actual arrivals of cotton, as on March 6, have been placed at 162 lakh bales as against 3.78 lakh bales in the corresponding period last year. □

Echoes of Bangla Desh

IS the conflict in Bangla Desh having its repercussions on trade and industry in the country? The proximity of the area of the conflict is a factor to be reckoned with. However, the legacy of the Indo-Pak conflict five years ago still continues. Our trade relations with that country are not yet normalised. The result is that there is no official import or export of goods between the Eastern wing of Pakistan and

this country. Some of the goods which are in shortage here like the synthetic yarn are smuggled into the country. During the current conflict this activity seems to have received a setback. Prices of some of these goods had spurted initially when the conflict broke out. Pakistan has been a keen competitor to India in certain fields, particularly jute and cotton textiles. It was, therefore, no surprise that the bulls in Clive Row extended their support to ready and near delivery jute goods in anticipation of sizable diversion of overseas customers from Pakistan to this country. The shorts and shippers also resorted to brisk covering of their business, thereby accentuating the bullish trend. There are also other factors for the rise in prices of jute goods, namely, gradual improvement in overseas inquiries. USSR absorbed some lots of hessian and sacking for ready and near-deliveries. The US bought fair parcels. Other foreign buyers also showed some interest. □

Financiers in small business

THE RBI has asked commercial banks to keep in touch with the changes or modifications in the proprietorship and constitution of the small enterprises assisted by them. The RBI has made this suggestion following instances brought to its notice of financiers making entry into the group of self-employed small entrepreneurs by offering financial help and becoming partners. The central banking authorities are not averse to the participation so long as it represents genuine promotional effort on the part of the financiers. However, if there is an effort to buy up such enterprises purely for the benefit of financiers it would be objected to. Market circles while agreeing with the objective of the directive hope that the banks would not exercise their powers as might make it difficult for the small enterprises to obtain assistance from financiers. With the persistent credit stringency the small enterprises should not be subjected to such restrictions as might deny them credit. □

The broad-based GTC

THE management of the Golden Tobacco Company is now broad-basing its capital structure. The share capital of the company amounting to Rs 2.80 crores held by 14 shareholders will now be widely dispersed to be eventually held by about 5,000 shareholders. The company is not currently thinking in terms of a fresh public issue. It has received a licence for additional capacity, but the decision on the resource to be mobilised to put through the programme is yet to be taken.

Market circles have welcomed the news of this private limited company being converted into a public limited company. The company was locked in a fierce controversy last year with the Indian Tobacco Company (formerly Imperial Tobacco) about the domination of the ITC in the Indian cigarette market. A criticism made against the Golden Tobacco was that it was a family concern in which the shareholders were hardly 14. The controversy had also figured in Parliament. □

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SURVEY

CRAWLING PLAN PROJECTS

FURTHER details of the shortfalls in Plan expenditure in the financial year that has just ended are available in the interim budget for 1971-72 presented to Parliament last week. These shortfalls have been euphemistically described as "savings" in the budget. But in the light of Mr Chavan's observation in his budget speech that it was a matter of great disappointment that the actual outlay had shown a significant shortfall in relation to the original budget provisions, it is clear what these "savings" actually constitute. From a perusal of the budget it appears that a large number of Central ministries and departments have taken part in this "savings" drive. In other words, or to put it truthfully, many Plan projects and programmes have not been implemented to the extent of the financial provisions made in the 1970-71 budget.

The Bokaro steel project occupies a predominant place in the list of schemes where shortfalls have occurred. During the last financial year a sum of Rs 88 crores was to have been invested in this project which is meant to increase the production of scarce categories of steel. However, the investment is now estimated at about Rs 57 crores, about Rs 31 crores less than the budget provision. The second phase of Bokaro, which envisages expansion of the project from 1.7 million to 4 million tonnes, has been taken on hand before the completion of the first phase because of acute steel shortage in the country. But this also has made very little headway as, out of a provision of Rs 7.5 crores in last year's budget, only Rs 1.5 crores have actually been spent.

Another key industry, fertilisers, has done no better. Out of Rs 27.3 crores provided in the budget only Rs 19 crores are estimated to have been invested. It has been officially explained that this is due to slow progress in the implementation of some of the projects of the Fertilizer Corporation of India. Hindustan Copper Ltd has spent Rs 7 crores less than the budgetary provision of about Rs 20.57 crores because of delay in the receipt of equipment, non-fulfilment of drilling targets and shortage of steel resulting in slow progress of civil works. For more or less the same reasons Bharat Aluminium Ltd's investment in 1970-71 has fallen short of the budgetary allocation of Rs 12.40 crores by Rs 5 crores. Other public sector organisations which have lagged behind original budgetary estimates are the Indian Petrochemicals Corporation, the National Mineral Development Corporation (owing to slow progress in the implementation of the Kiruburu and Bailadila iron ore mining expansion schemes) and the Food Corporation of India, which has not spent as much on the building of storage godowns as had been provided for.

The interim budget for 1971-72 sets much store by the crash programme for rural employment for which a provision of

Rs 50 crores has been made. But judging by the performance of more or less a similar programme during the last financial year it is doubtful if it will have the maximum impact on unemployment and mass poverty as claimed by Mr Chavan. Out of Rs 25 crores provided in last year's budget for giving grants to the States for undertaking rural works in selected areas, only Rs 6 crores were spent. True, many States were late in making a beginning with the programme. But even now there is not much evidence of the programme having gathered momentum. On the other hand, since there is a change in the context of the new rural employment programme—it is also intended to add to the productive potential of the rural areas—it will entail the drawing up by the States of their schemes afresh which may once again provide them an excuse for making a late start with it. □

TRUCE IN INDIAN AIRLINES

THE lock-out in the Indian Airlines has now been lifted with an agreement reached by the management with the representatives of the employees. There were even some difficulties after the agreement was reached but these difficulties have now been ironed out and it is expected that within a short time the flights will be normal. There is some justification in the public comments that all the points of dispute between the management and the employees have still to be settled and that, unless a solution acceptable to both the parties is arrived at, there might be further trouble. One may only hope that after the experience of the 15 days lock-out in the Indian Airlines both the sides will make earnest efforts to arrive at a just solution. It has been agreed that the outstanding issues will be resolved by mutual negotiations under the auspices of the Chief Labour Commissioner. If these negotiations did not result in an acceptable solution, the matter will be referred for arbitration by an eminent and knowledgeable person who will be nominated by the Union Labour Minister. This procedure should ensure that the issues under dispute would be considered properly and an impartial objective assessment of the pros and cons will be made. This should therefore put an end to the dispute, and one should hope that the call given by the association and the union concerned to its members to give their best would be heard by the members.

It has been suggested that the agreement was made possible because of the developing situation on the country's borders and the need to keep internal communications uninterrupted. Even if this be so, it is an indication of the crucial role which Indian Airlines plays in the economy and security of our nation. This should make it possible for both the sides to evolve a machinery whereby the disputes are settled long before they reach a flash point. Mr K. T. Satarawala, Chairman of the Indian Airlines, is reported to have

told the IA officers that if the conditions across the borders had been normal, the decision might have been different. This gives an impression that the agreement is under duress. This impression should be removed. It is true that under present conditions one cannot guarantee a long period of industrial peace in any establishment. Mr Satarawala has expressed the view that the introduction of new aircrafts, inter-union rivalry and the vulnerability of Indian Airlines as an essential service were the basic reasons for the increasingly higher demands by unions. These factors, however, cannot be wished away. Prudent management of industrial relations would demand that a proper relationship between the employees and the management should be evolved, keeping in mind all these factors. They are by no means peculiar to Indian Airlines. Given a proper approach, an amicable relationship is not beyond the reach of the parties concerned. □

STATE BUDGETS

Uttar Pradesh

AN interim budget with an overall deficit of Rs 37.20 crores was presented to the State Assembly by the Finance Minister, Mr Kailash Prakash, on March 22. The deficit to the extent of Rs 19.65 crores is expected to be met by net incomes under the public account, including withdrawal from the reserves; the remaining deficit remains uncovered. No fresh taxes have been proposed in the budget. The Finance Minister has pointed out that a provision for Rs 15 crores has been made in the budget for the interim relief granted to the State Government employees. The Government has also decided to appoint a pay commission to recommend new scales for the employees of the State Government, co-operatives and educational institutions. All the *bhumidars* and *sirdars* holding land up to 2.5 hectares would be exempted from land revenue. This would benefit about 85 per cent of the farmers. The Government has also decided to appoint a high-power committee to study the causes of the unsatisfactory economic progress of Harijans and other backward classes and suggest remedial measures. The outlay for the 1971-72 Annual Plan has been fixed at Rs 209 crores, which is higher by 12 per cent than the estimated expenditure of Rs 187 crores in the 1970-71 Plan.

Kerala

THE Chief Minister of Kerala, Mr C. Achutha Menon, who is also in charge of the Finance portfolio, presented the State budget for 1971-72 to the Kerala Assembly on March 19. The revenue receipts are placed at Rs 165 crores and the expenditure at Rs 181.26 crores resulting in a revenue deficit of Rs 16.26 crores. The recently granted *ad hoc* increase in the emoluments of the Government employees

will result in a heavy burden on the State Exchequer. This head alone accounts for about 55 per cent of the total revenue expenditure. The capital account with receipts at Rs 36.32 crores and disbursements at Rs 36.22 crores leaves a nominal surplus of Rs 10 lakhs. The overall deficit will thus be Rs 16.16 crores as against Rs 25.86 crores budgeted in 1970-71. The Chief Minister has made the following proposals to reduce this gap: (i) removal of the present exemption from land tax on holdings below two acres and (ii) reduction of the minimum extent of holdings on which plantation tax is leviable from two hectares to one hectare. Each of these two proposals will fetch an additional income of Rs 50 lakhs. The imposition of a tax on non-agricultural lands in the urban areas in substitution of the present land tax will yield an additional amount of Rs 1 crore. The Chief Minister has also proposed to increase the minimum rate of contribution of the Government employees to the provident fund from 8 per cent to 10 per cent of the basic pay and this will increase the capital receipts by Rs 1 crore. The new proposals of resource mobilisation will yield Rs 3 crores in the year and the overall deficit would still be as high as Rs 13.16 crores. The 1971-72 Annual Plan outlay of Kerala is Rs 61 crores and it is higher by 22 per cent than the anticipated expenditure in 1970-71.

Jammu and Kashmir

THE 1971-72 budget presented by the Finance Minister, Mr G. L. Dogra, to the State Assembly on March 18, reveals an overall deficit of Rs 50 lakhs. The revenue receipts will be Rs 74.36 crores and the revenue expenditure will be Rs 70.47 crores. Thus, the revenue account will have a surplus of Rs 3.89 crores which would be larger than the budgeted surplus of Rs 1.94 crores in 1970-71. The capital expenditure will be Rs 26.26 crores against the capital receipts of Rs 21.87 crores, resulting in a deficit of Rs 4.39 crores. Thus, on an overall basis, there would be a deficit of Rs 50 lakhs. In 1970-71 the overall deficit was budgeted at Rs 57 lakhs. The Finance Minister has proposed six taxation measures to cover this small budgetary gap: increase in sale price of country liquor and retail fee on foreign liquors; increase in the sales tax on luxury goods from 10 per cent to 12 per cent; increase in taxes under the Motor Vehicles Act; a 10 per cent increase in the stamp duty on conveyance of property; increase in passenger tax from 20 per cent to 25 per cent and tax on properties. These measures would yield an additional revenue of Rs 40 lakhs and the remaining deficit of Rs 10 lakhs would be covered by more efficient tax collection. As compared with the anticipated expenditure of Rs 29 crores on the 1970-71 Annual Plan, the outlay of Rs 31 crores for 1971-72 Annual Plan is higher by about 7 per cent.

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	Mar. 13, 1971	Mar. 6, 1971	Feb. 13, 1971	Mar. 14, 1970	Over a week ago	Over a month ago	Over a year ago	Over two years ago
Food articles ..	203.8	201.1	199.5	200.1	-1.3	-2.2	1.8	9.7
Industrial raw materials ..	192.9	196.7	199.7	185.5	-1.9	-3.4	4.0	13.5
Manufactures ..	160.2	159.7	160.7	149.1	0.3	-0.3	7.4	15.6
All Commodities ..	182.4	181.6	181.5	175.8	0.4	-0.5	3.8	10.8

Money and Banking

(Rs crores)

	Mar. 19, 1971	A week ago	A month ago	A year ago	Percentage variation		
		Mar. 12, 1971	Feb. 19, 1971	Mar. 20, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply ..	7,109 (a)	7,149 (a)	7,024 (a)	6,343	-0.6	1.2	12.1
Bank credit ..	4,864	4,841	4,821	3,966	0.6	0.9	17.6
Bank deposits ..	5,843	5,861	5,812	4,989	-0.3	0.5	17.1
Credit/deposit ratio ..	79.82	79.18	79.50	79.50	..	..	..
Foreign exchange reserves ..	781 (c)	781 (c)	774 (c)	810	..	0.9	-3.6

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/ Index			
Industrial production (seasonally adjusted) ..	1960=100	Oct. 70	177.7	174.2	-0.3	4.6
Exports ..	Rs crores	Dec. 70	151	138	9.4	6.6
Imports ..	Rs crores	Dec. 70	132	136	-2.9	-1.4
Trade balance ..	Rs crores	Dec. 70	+19	+2	..	..
Foreign exchange reserves ..	Rs crores	end-Feb. 71	768	786	-2.3	1.2
Cost of living index ..	1960=100	Jan. 71	184	186	-1.1	4.0

ANNUAL INDICATORS

	Unit	1969-70	1968-69	1964-65	Percentage variation in 1969-70 over 1968-69	Annual rate of growth between 1964-65 and 1969-70
National income at 1960-61 prices ..	1960-61=100	134.4 (a)	127.4	119.7	5.5	2.3
Per capita income at 1960-61 prices ..	1960-61=100	108.0 (a)	104.9	108.7	3.0	-0.1
Agricultural production ..	1949-50=100	137.9 (a)	159.2	159.4	5.8	1.0
Foodgrains production ..	Mill. tonnes	99.5	94.0	89.0	5.8	2.3
Industrial production ..	1960=100	174.5	163.7	144.8	6.8	3.9
Exports ..	Rs crores	1,400	1,354	1,286 (b)	4.1	1.9
Imports ..	Rs crores	1,568	1,909	2,126 (b)	-17.9	-5.9
Trade balance ..	Rs crores	-159	-555	-840 (b)	..	..
Foreign exchange reserves (year-end) ..	Rs crores	821	577	393	42.3	15.9
Money supply (average) ..	Rs crores	6,006	5,428	3,866	10.7	9.2
Bank credit (average) ..	Rs crores	3,583	3,107	1,808	15.3	14.7
Bank deposits (average) ..	Rs crores	4,731	4,079	2,467	16.0	13.9
Wholesale prices (average) ..	1961-62=100	171.5	165.4	122.3	3.7	7.0
Cost of living index —working class ..	1960=100	177	174	129	1.7	6.5

Notes:

- Estimated by Commerce Research Bureau.
- At post-devaluation rate.
- While estimating foreign exchange reserves, SDRs transactions that might have taken place after January 1, 1971 have not been taken into account.
- The figures indicate percentage change during the current calendar year upto the month indicated as compared to corresponding period in the preceding calendar year.

THE WEEK

SHEIKH Mujibur Rahman declared the eastern wing of Pakistan "the sovereign independent State of Bangla Desh" on March 26 and a provisional Government headed by the Liberation Army Chief, Major Zia Khan, was set up on March 28. Pakistani army, dominated by the western wing, is using its full might to put down the rebellion. According to an Associated Press correspondent the army used American supplied M24 tanks, artillery and infantry to destroy large parts of Dacca and the correspondent estimated that at least 7,000 Bengalis died in Dacca alone in the two days and nights of shelling. All foreign correspondents have been ordered out of East Bengal and a strict censorship has been enforced. During the whole of the week fierce fighting between the Pakistani troops and Awami League freedom fighters was reported from various parts of Bangla Desh. According to clandestine radio broadcasts the rural areas were mostly under the control of the liberation forces. (See also Editorial.)

The two Houses of Parliament passed unanimously a resolution on March 31 expressing the solidarity of the Indian people with the 75 million people of East Bengal fighting for the establishment of democratic freedom. The resolution called on the Governments of the world to prevail upon the Government of Pakistan "to put an end immediately to the systematic decimation of people which amounts to genocide."

The Foreign Trade Minister, Mr L. N. Mishra, announced in the Rajya Sabha on April 1 that the Government proposed to raise the reserve quota for production of coarse varieties of cloth from the present 25 per cent to 40 or 50 per cent of the capacity of each mill. The fine for not producing coarse cloth according to the stipulated reserve quota would also be raised from 6 paise to 25 paise per metre.

The Hitendra Desai Ministry in Gujarat tendered its resignation on March 31 following massive defections from the Congress (O) Legislature Party.

Mr T. N. Singh, Chief Minister of Uttar Pradesh, tendered the resignation of his Government on March 30 following the Government's defeat in the State legislature. An opposition amendment to the Governor's address was carried by 229 votes against 184 in the Assembly. The Governor, Mr B. Gopala Reddy has invited the Congress (R) leader, Mr Kamalapati Tripathi, to form a Government.

President's rule was imposed on March 25 in Mysore on the recommendation of the Governor, Mr Dharma Vira. The Assembly has been suspended to be re-activated if the chances of forming a government improve after some time.

Mr K. Brahmananda Reddy, the Chief Minister of Andhra Pradesh, announced on March 27 that the Andhra Pradesh Government does not propose to hold a mid-term election to the State Assembly.

The 15-day lock-out in the Indian Airlines was lifted on March 27. The decision followed an agreement with the four labour unions reached at the instance of the Union Labour Minister, Mr R. K. Khadiolkar.

The Union Cabinet cleared on March 27 the issue of industrial licence for the Tuticorin fertiliser plant of the Southern Petro-chemical Industrial Corporation. The plant will have a manufacturing capacity of 1,100 tonnes of ammonia per day and the project will be based on naphtha as the feed-stock.

The Supreme Court upheld on March 30 the Constitutional validity of the Gold Control Act 1969, except for Section 71 which was declared invalid. The section provides for the confiscation of gold in respect of which any provision in the Act, rule or order made thereunder, has been contravened.

The India-Pakistan/UK and Continent Conference has decided to reduce the surcharge at present being levied on all export and import cargoes handled at the port of London from 25 per cent to 15 per cent. The cut will be effective from April 1.

The import policy for the next financial year will be announced on May 1. The 1970-71 import policy will continue to be in force till that date.

The Lok Sabha extended on March 30 the life of the Import-Export Act indefinitely by passing the Import Export Control (Amendment) Bill.

Britain cut her Bank rate from 7 per cent to 6 per cent effective from April 1.

West Germany cut her Bank rate from 6 per cent to 5 per cent on March 31.

State budgets

The Tamil Nadu Chief Minister, Mr M. Karunanidhi, introduced on March 25 in the State legislature the budget for 1971-72. The budget shows an overall deficit of Rs 12 crores on revenue and capital accounts.

The Rajasthan Finance Minister, Mr Mathurdas Mathur, presented the budget to the State legislature on March 27. The budget shows overall deficit of Rs 25.21 crores.

The West Bengal interim budget presented to the Lok Sabha by the Minister of State for Finance, Mr V. C. Shukla, on March 27 shows a deficit of Rs 28.60 crores on revenue and capital accounts.

The Mysore interim budget was presented to the Lok Sabha on March 27 by

Mr V. C. Shukla. The budget shows a net deficit of Rs 14.46 crores.

The Orissa interim budget presented to the Lok Sabha on March 27 by Mr V. C. Shukla shows an overall surplus of Rs 33 lakhs.

The Chief Minister, Mr Farook Marikar, presented to the Pondicherry Assembly the budget for 1971-72 on March 27. For the first time, the gross expenditure of the Union Territory crossed the Rs 10-crore mark.

In Parliament

Mr G. G. Swell was elected Deputy Speaker of the Lok Sabha on March 27.

Mr L. N. Mishra, the Union Foreign Trade Minister, said in the Lok Sabha on March 31 that the Government's decision on the report of the Tariff Commission on nylon yarns will be announced within two to three weeks' time.

The Rajya Sabha approved the railway budget on March 27.

The Lok Sabha passed the interim Budget and the Finance Bill on March 27.

Money easy

Conditions in the Bombay short-term money market eased as of Wednesday. Demand for funds was maintained and interest rates closed firm. In the inter-bank call section, both fresh money and renewals were reported at 10 per cent. In the Madras market the rate ruled at 11 per cent.

Price index up

During the week ended March 13, 1971 the official Index Number of Wholesale Prices (base 1961-62=100) edged up by 0.4 per cent to 182.4. At this level the index was 3.8 per cent higher than its level a year ago.

PEOPLE

MR Harish C. Jain of Jaisons Advertising has been re-elected President of the Advertisers Club of Bombay.

Mr K. Hartley took over as Managing Director of Indian Oxygen on April 1.

Mr K. R. Podar has been elected President of the Employers' Association of Rajasthan for 1971-72.

50 years ago

In the House of Commons the other day, replying to Colonel Wedgwood, Mr Montagu stated that the Government of India proposed to introduce a bill with regard to the registration and protection of trade unions, after consulting local governments. Colonel Wedgwood asked for an assurance that the bill would prevent trade union executives being sued for damages, caused by a strike. Mr Montagu replied that he was unable to give any further information. Sir Thomas Holland, President of the Board of Industries, on behalf of the Government of India, has promised legislation defining the status of

trade unions in this country as soon as practicable. That this definition will not be long delayed is borne out by Mr Montagu's reply to Colonel Wedgwood. At a meeting of the Legislative Assembly in Delhi early last month Mr N. M. Joshi who represented Indian labour at the Washington conference, moved: "That the Governor General in Council should take steps to introduce at an early date in the Indian legislature such legislation as might be necessary for the registration of trade unions and trade union officials from civil and criminal liability for bona fide trade union activities."

COMMERCE

April 2, 1921

REPORT

THE NATION

From Our Own Correspondents

WHEAT PRICES

Vain plea for reduction?

NEW DELHI

AS in the past, the Agricultural Prices Commission has made out a strong case for a downward revision of the procurement price for wheat in the 1971-72 season. Its arguments are not new, but it has put them forward more forcefully than ever before. The Commission's main recommendation that the procurement price of indigenous red wheat should be reduced from the existing level ranging between Rs 71 and Rs 74 to Rs 68 and of the indigenous white variety and Mexican wheat from Rs 76 to Rs 74 has been motivated by the important consideration that in the alternative the issue price of wheat will have to be raised and this burden will fall largely on the poorer sections of the people.

The Commission in its earlier reports had examined the implications of a steady diminution of the content of imported wheat in the wheat released through the public distribution system. Since the margin between the procurement and the issue prices has been narrowing with the progressive decline in PL 480 wheat imports in recent years, it will become too narrow to permit the public distribution system to operate without any loss if the imports are totally stopped after 1971 as the Government has decided to or even if they are drastically reduced. By selling the imported wheat which is much cheaper than domestically-procured wheat at the same price as the latter, a cushion was available for absorbing the losses of the distribution system. That cushion would now practically disappear. If the procurement prices remain unchanged, the Commission has estimated that Government will have to subsidise its food distribution operations to the extent of Rs 35 crores in order to be able to sell wheat at the existing issue prices which, in the interests of the vulnerable sections of society and price stabilisation, should not be allowed to rise. Obviously, a subsidy of this order will be difficult for the Government to provide, and the Commission, therefore, has rightly plumped for lower procurement prices.

This would, of course, hurt the big farmers. But, as the Commission has argued, since they have a larger marketable surplus than the smaller ones the burden of a downward revision of these prices will fall more on those who have the capacity to bear it. It has also made the useful suggestion that the stage has been reached when these farmers could be helped better through non-price measures like the provision of better extension service which will contribute to greater productivity and reduced input costs. While recognising that any precipitate reduction in procurement prices will not be practicable, the Commission feels that it is unfair to make those dependent on the public

distribution system to continually pay for the increasing cost of distribution consequent on the decline in concessional food imports.

Between 1964 and 1970 the issue prices for the imported and Mexican varieties had more than doubled and thereafter they had been further raised in the case of white and amber varieties of indigenous and Mexican wheat. On the other hand, procurement prices were substantially increased until 1968-69 and have since remained unchanged despite the downward trend in market prices in recent years. The time has therefore come for bringing about at least a marginal downward adjustment of procurement prices. However, it is doubtful if the Government will heed the advice of the Agricultural Prices Commission, particularly when elections to several State Assemblies are not far away.

The Commission has suggested a procurement target of four million tonnes during the coming season. Since the Government is committed to ending concessional imports of foodgrains after 1971, an important objective of its food policy should be to step up domestic procurement to meet as far as possible the requirements

of public distribution. This should enable it to utilise the food imports during the current year for augmenting the buffer stock. After making allowance for operation stocks the Commission has estimated that the size of the buffer at the end of 1970 would be 3.4 million tonnes or about one million tonnes more than the stock at the close of the previous year.

In its report the Commission has referred to certain developments which, it says, are suggestive of the persistence of imperfections in the market despite the removal of restrictions on the movement of wheat between different parts of the country. Although wheat prices on the whole showed a downward trend during last year, the extent of decline was far from even. For instance, the price fall was greater in Uttar Pradesh than in the adjoining State of Bihar. In Madhya Pradesh the prices registered a significant fall. But they remained nearly stable in Maharashtra and Gujarat. In the result the inter-State disparity in prices as between the adjoining States of Uttar Pradesh and Bihar and Madhya Pradesh, on the one hand, and Maharashtra and Gujarat, on the other, widened noticeably in 1970-71. As the Commission has pointed out, if the benefits of the wheat revolution are to be derived by consumers in all areas, the imperfections in the market have to be corrected, and the Food Corporation of India has an important role to play in this. □

WEST BENGAL

CPM eclipsed by Democratic Coalition

CALCUTTA.

THE non-Marxist Democratic Coalition Ministry will be sworn in on April 2, with Mr Ajoy Mukherjee as Chief Minister and Mr Bejoy Singh Nahar, the Ruling Congress leader, as Deputy Chief Minister. This announcement was made by Mr Nahar on Tuesday. Names of the Ministers have not been announced yet but Mr Mukherjee will give the Governor a list of Ministers a few hours before the ceremony. Till Tuesday evening Mr Mukherjee had not received formal letters from the Ruling Congress, the Muslim League and the Praja Socialist Party authorising him to meet the Governor in connection with the Ministry formation. The Forward Bloc leader, Mr Apurba Lal Majumdar is likely to be elected Speaker of the Assembly and Mr Pijush Kanti Mukherjee of the Ruling Congress is the likely choice for Deputy Spokeship.

After days of negotiations and bargaining behind the scenes, some kind of a viable front against Communist (Marxists) has at last emerged. This Democratic Coalition is made up of the Congress (R), Bangla Congress, Muslim League, Gorkha League, SSP and a PSP faction. The total strength of the elected representatives of these parties are: Congress (R) 105,

Bangla Congress 5, Muslim League 6, Gorkha League 2, SSP 1 and the PSP faction probably 2, or 121 in all. But they will have the committed backing, although from outside, of the CPI (13) and Forward Bloc (3), which means a total strength of 137. The Jharkand Party and the Congress (O) which have two members each are also expected to provide support from outside, and these will ensure the coalition an absolute majority in a House of 280 whose three seats will be filled up later. The three seats vacant were countermanded following the murder of candidates including the much respected Forward Bloc leader, Mr Hemanta Kumar Basu.

The problem of sorting out portfolios and allocating seats in the Ministry still remains, but considering the pace at which efforts are being made, this may not take longer than a week, unless there is a last-minute hitch. Tentatively, the strength of the Cabinet has been fixed at 25 including 20 Ministers of the Cabinet rank. The Congress (R) will have 14 Cabinet Ministers (one representing each district) and four Ministers of State. The Muslim League will have two Cabinet Ministers and a Minister of State. Bangla Congress will be represented by Mr Ajoy Mukherjee but the party's demand for a second seat

in the Cabinet has been turned down. Other constituents will have one Cabinet post each, but should the CPI and the Forward Bloc come in later, the Congress (R) will surrender three Cabinet Ministers, posts and one of Minister of State.

The Coalition is still to announce its final common minimum programme. The CPI insistence that there should be no use of police force in the case of legitimate trade union demands is said to be causing some difficulty both of terminology and definition. However, Mr Biswanath Mukherjee, the CPI leader and a former Minister of the United Front Government, is now drafting one. □

GUJARAT

Defectors dislodge a stable ministry

AHMEDABAD.

THE fall of the Congress (O) Ministry, headed by Mr Hitendra Desai, on Wednesday marks the end of an era. The resignation of Mr Desai was inevitable following the massive defections from the party. The impact of the landslide victory of Mrs Indira Gandhi on the strong Congress (O) in Gujarat was so great that the trickle of defection noted on the first day of the Vidhan Sabha session developed into a flow. All efforts to stem the tide failed as impatient groups of legislators crossed over to Congress (R) and reduced the strength of the ruling party to 66 at midnight on Tuesday. The 21-member Swatantra group was seriously divided and some, even those who wanted to support the Ministry, expressed their inability to do so when they found that even their support would not save the Ministry.

With the fall of the Ministry which was known for its efficiency and integrity—rare commodities in modern India—Gujarat apparently leaves behind a long period of rule by the small group of senior Congress leaders. It is now certain that the complexion of the Congress (O) would be materially changed with the second generation of leadership decisively taking over the leadership of the party. Mr Hitendra Desai who continued to remain loyal to the old leadership till the last while trying to serve the newer objectives was naturally the victim of the conflict. He rightly said that he would not like to become the Chief Minister again even if the two Congress sections were to reunite.

The formation of an alternative Ministry will be a difficult task according to indications available today. It is however possible that many more Congress (O) members might cross over to enable the Congress (R) to secure the majority. Already the strength of Congress (R) has risen to 64 as against 66 of the Congress (O). The possible infighting among the Congress (R) leaders for position is yet another factor that might hamper the process of change-over. □

UTTAR PRADESH

Out goes faction-ridden SVD Ministry

LUCKNOW.

THE 178-day-old SVD Ministry in Uttar Pradesh came to an end earlier this week when the Governor accepted the resignation of the Chief Minister, Mr T. N. Singh, on March 30 and invited the Congress (R) leader, Mr Kamalapati Tripathi to form a government. The end came when an Opposition amendment to the Governor's address was carried by the State legislature by 229 votes to 184.

The massive defections to the Ruling Congress from SVD partners in the last few days had pushed the SVD Government into a precarious position. The erosion affected most the Congress (O), BKD and SSP, three of the four constituents of the SVD. Nine members of the Council of Ministers tendered their resignation from the Government and crossed the floor even before their resignations were accepted. Luckily, the financial business of the State legislature was completed last week with the passage of second supplementary demands and vote-on-account appropriation bills by the Upper House.

The Chief Whip of Legislature Congress (R) Party, Mr Narain Datt Tewari, met the Governor, Mr B. Gopala Reddy, on March 27 and submitted his party's list of 212 members in the House of 426, at present having effective strength of 415. Mr Tewari pleaded that the SVD was in a minority and its Government should be dismissed.

The Congress (R) leadership was out to topple the SVD Government by throwing open its door to the defectors from various parties constituting the Samyukta Vidhayak Dal. Floor-crossing started on a large scale two days after the start of the State legislature's budget session on March 22 and by March 26 evening about 35 legislators had changed sides. Mr Saligram Jaiswal, MLC and former Chairman of the State SSP, held aloft the banner of revolt against his party bosses for having allegedly brought the SSP into disrepute by joining the grand alliance and allowing its members to remain in Government in spite of the directive by the SSP General Secretary, Mr George Fernandes, that the SSP should pull out of the SVD Governments in UP and Bihar. Mr Jaiswal and nine legislators, including two Deputy Ministers, publicly announced their decision to resign from the SSP and join the Congress (R). The electoral verdict in the Lok Sabha elections was the main reason given by the Congress (O) and the BKD members for leaving their respective parties. □

ORISSA

United front foils Congress (R) strategy

BHUBANESWAR.

THE Ruling Congress which unexpectedly became the largest single party with a strength of 51 in the State Assembly of 140 is finding itself in an irksome situation. The chance to regain power is

slipping out of its hands with the formation of the United Front comprising the Swatantra Party (35), the Utkal Congress (32) and the Jharkhand Party (4), supported by three independents. The 81-year-old Mr Biswanath Das, a former Uttar Pradesh Governor and also the first Chief Minister of the State in 1937, has been elected leader of the Front. He will present a list of 72 members who have pledged their support by affixing their signatures on the list. This is quite a comfortable majority for the Front since, with four by-elections pending, the Assembly has a strength of only 136. Meanwhile, the Governor, Dr S. S. Ansari, has personally met a few members whom the Ruling Congress had reportedly claimed as its supporters and has asked them to sign in his presence with a view to verifying the signatures in the Congress (R) list.

The Ruling Congress tried to form a one-party Government assuming support from the Praja Socialists (4), the Right Communists (4) and 2 out of 4 independents besides expecting defections from the Utkal Congress to fill up the gap. Dr Harekrishna Mahatab who was "unanimously" elected leader through the consensus ascertained by the AICC observer, Mr Darbara Singh, with the assistance of the Union Minister, Mrs Nandini Satpati, asserted his claim to form the Government as leader of the largest party in the House. The Governor, obviously, unyielding in his stand that the leader should satisfy the test of majority and not improve his strength after assuming power, recommended the continuation of President's rule.

The Utkal Congress found it futile to carry on a dialogue with the Ruling Congress either for merger or coalition and struck overnight a dramatic bargain with the Swatantra Party and the Jharkhand Party for forming a United Front under the leadership of Mr Biswanath Das, who, in spite of his age, is still active as an unattached leader. With their ranks still steady without the danger of defections, the United Front is confident that the Governor will call Mr Das to form the new Ministry and that he would be in the saddle early in April. □

MINERALS

A fresh look at exploration techniques

NEW DELHI.

THE symposium on exploration techniques for metalliferous deposits organised by the Indian Geophysical Union at Khetrinagar (Rajasthan) last week was timely and useful in that the geologists and mining engineers from different parts of the country who took part in the symposium had an opportunity to take a fresh look at the existing techniques and suggest ways of modifying them in order to achieve quicker results. Though India can derive some satisfaction from the progress she has made in mineral development, she is extremely deficient in base metals, especially copper, lead, zinc, nickel and tin. The import of copper is expected to go up from the present level of Rs 45 crores to Rs 88 crores and of the

other metals from Rs 6-7 crores to Rs 10-20 crores each.

This underscores the urgent need to exploit and develop the mineral resources of the country. The speedy development and growth of indigenous production of metals depend largely on the application of efficient techniques of exploration. This way it will be possible to make a fair assessment of the resources in the shortest possible time which in turn is necessary for taking sound investment decisions and planning effectively the development of mineral production. Unfortunately in this country basic metal mining projects have taken far too long to reach

the stage of commercial production. However encouraging be the results obtained from geophysical surveys, aerial or otherwise, it is the follow-up action on the ground that is more important.

In the advanced countries mineral exploitation is no longer considered to be a somewhat speculative activity. Nor are the stakes in such exploitation regarded to be high. By the adoption of a scientific approach to the exploration and development of mineral deposits they have been able to reduce investment risks and find ores which conform more or less to expectations in respect of both quantity and quality. Indian geologists and mining en-

gineers would therefore do well to keep themselves abreast of the new techniques and processes evolved in these countries. By judiciously selecting and adopting proper techniques which are relevant to a particular deposit, quicker results can be achieved in the mining field. During the last decade many small and medium sized mineral deposits which could collectively contribute to an appreciable increase in production have been discovered. It would be worthwhile concentrating attention on these. At the same time suitable techniques must be evolved to keep their exploration cost down. □

REPORT

THE WORLD

From Our Own Correspondents

ASEAN: Getting into gear

MANILA.

IF the Association of South-East Asian Nations (Asean) decides to go mobile, literally on four wheels, it might be the most tangible evidence that regionalism has come to stay in South-East Asia. Because, regionalism and the breakdown of national tariff barriers is the core of Ford Motor's "complementation project" for the assembly of inexpensive cars for Asian masses. The foreign ministers of the five Asean members—Indonesia, Malaysia, the Philippines, Singapore and Thailand—were given the outlines of the proposal when they met in Manila for the third annual meeting of this regional economic grouping. A senior Ford official flew in here to brief them on the plan which will involve the manufacture of certain automotive parts in each country which can then be exchanged tax-free for components made in other Asean countries enabling each to produce cars at a price the man in the street can afford.

The proposal has been referred to the Asean committee looking into tariff reduction plan which will report back to the ministers. But automobile manufacturers in the region are apprehensive that unless a decision is taken without much delay, car firms might go it alone which would mean the end of the regional project. The scheme demands a certain rationalisation and allocation to each country the parts it can produce most economically. And therein comes the rub. It will be a crucial test to the claim made by Malaysia's Deputy Prime Minister, Dr Ismail, that the Asean had passed the stage in which co-operation was based on the lowest common factor of everybody gaining and nobody losing, and was moving on to the more sophisticated phase "in which we are prepared to lose a little in an exercise of co-operation".

Though the Ford project is certainly imaginative, it was only one of the several proposals for economic co-operation considered by the ministers. Indeed, before them was a preliminary UN study identifying practical areas for economic co-operation. The areas listed for collective development are, mainly, basic chemicals, fertilisers,

petrochemicals, synthetic fibres, yarns and plastic materials; paper and newsprint; pharmaceuticals; steel; simple agricultural machinery; components for the electrical manufacturing industries and automobile parts and components. A more detailed report by the UN research team is expected to be available to the Asean by the middle of this year.

The foreign ministers were also briefed on concrete proposals for the establishment of a regional investments bank and the prospects of more active participation by the private sector in Asean activities. The bank proposal, by the Bancom Development Corporation, a Philippine-based international financial institution, aims at accelerating the capital formation process in the region and mobilising both regional and outside savings for regional industries. The Bancom proposal for the Asean Investments Bank is expected to lead to the establishment of a regional stock exchange where issues of local companies and governments are provided primary and secondary markets, and are quoted and traded in various currencies of the region.

Another possible related project is a regional secondary market to deal in external currency funds, Euro-currencies, or Asia-currencies, whose aim would be to augment the short-term sources of funds available to regional industries for working capital purposes.

According to Bancom President, Mr Sixto Roxas Jr, the goals of these projects would be to accelerate the mobilisation of regional savings into investment capital, and redirect regional funds from the usual Western country outlets into safe and profitable South-East Asian ventures, thereby keeping funds within the region.

Among the services the projected investments bank proposes to offer to the Asean nations are financial consultancy to governments and corporations, underwriting and private placement of local and regional issues within and outside the region, and investment advisory or management services for local clientele desir-

ing regional or international investment exposure. Bancom envisages that the projected bank would be supervised by a high-powered, multi-national management group of Asean nationals. Asean experts appear to be convinced that the proposed bank will not duplicate the work already being done by the World Bank or the Asian Development Bank nearer home.

On the question of closer co-operation with the private sector, the Asean ministers accepted the proposal by the South-East Asia Business Council (SEABC), an organisation of business executives in the region. The council proposes to set up working arrangements at top level with Asean states with a view to attracting international investments into the region. The SEABC has agreed to provide feasibility studies of major economic and business endeavours and take steps to attract international investments into the region.

Apart from these relatively ambitious proposals, the ministers also agreed on several less spectacular projects aimed at increasing multilateral co-operation. They approved some 120 projects in tourism, industry and commerce, science and technology, mass media and communications, food production and supply, civil air transport, transportation and telecommunication, shipping and meteorology. Tourism is expected to receive a boost with the decision to admit into each other's territory non-scheduled commercial plane flights to pick up or unload passengers and cargo without disrupting regular air services.

While national postures on important economic issues involving regional co-operation may not have softened very much, despite Dr Ismail's optimistic declaration, the mood in Manila was visibly more relaxed than at the last two meetings in Malaysia and Jakarta. Both these conferences were overshadowed by the dispute between the Philippines and Malaysia over Manila's claim to Sabah. Despite some last-minute attempt by some of the more lively Manila papers to inject some controversy by their "expose" of alleged Filipino infiltrations into Sabah, it made no great impact on the delegates. In fact, President Marcos is believed to have given private assurances to Dr Ismail that the Philippines had

made no attempt to infiltrate agents into Sabah.

Another healthy move was to postpone any decision on admitting new members. Cambodia's Lon Nol regime was keen to obtain membership while South Vietnam was waiting on the wings. Despite some intense canvassing on behalf of these two war-torn countries, the ministers finally decided that Asean should consolidate before expanding.

If one looks at mere tangibles, the Asean, founded in 1967, cannot claim to have achieved much. But nationalistic barriers against regional co-operation are less strong today and there is greater realisation that economic and social co-operation perhaps offers the best solution to the region's complex problems. □

EEC

Threat to India's trade with UK

BRUSSELS.

BRAITAIN'S entry into the Common Market will accelerate and ultimately complete a process that has been going on for the last 20 years or so—the dissolution of the British Commonwealth. The most tangible evidence of the Commonwealth's existence is, of course, the network of trading arrangements linking the various countries to the UK, but it is a network whose importance has diminished considerably in recent years. Last year the UK's exports to the EEC exceeded those to the Commonwealth for the first time; her imports from the Common Market also rose substantially, so that the time is not far off when the EEC will replace the Commonwealth as the UK's main trading partner.

This trend, which is the result of an attempt by the UK and other Commonwealth countries to seek new trading partners, is noticeable in Indo-UK trade also. Between 1964 and 1969 India's exports to the UK fell from \$359 million (Rs 269.25 crores) to \$216 million (Rs 162 crores) and her imports from \$364 million (Rs 273 crores) to \$147 million (Rs 110.25 crores) although her overall foreign trade showed no such decline. It was the dwindling importance of the UK as a trading partner for not only India but also other Commonwealth countries which led Common Market experts here to conclude that Britain's entry would not harm their trade interests, especially if provision was made for a transitional period.

Such optimism seems unjustified at first sight. According to reliable estimates, over 40 per cent of India's exports to the UK would be unfavourably affected by the entry. The plain truth is that on entry Britain will have to adopt the common commercial policy of the Six. Even if the elimination of Commonwealth preferences and the adoption of the common external tariff is spread out over 4 to 5 years (as has been agreed to by both sides), the effect on India's exports to the UK is bound to be unfavourable, for Britain is being asked to replace a system designed to encourage imports from Commonwealth

countries by one which gives preferential treatment to other Common Market countries, the associated states and countries such as Spain and Israel. The injustice of this is compounded by the fact that for most Commonwealth countries, including India, the UK is far more important as a trading partner than the EEC. (Thus in 1968 India's exports to the UK were twice as large as to the Community—\$283 million (Rs 212.25 crores) against \$142 million (Rs 106.5 crores).)

Fears for India's exports to the UK are based on the changes which Britain would have to make in her import policy after joining the Community. At present India, along with other Commonwealth countries, enjoys preferential treatment for a very wide range of products; in many cases her exports to the UK are not subject to import duty, in others, duty is levied at a preferential rate. Under the provisional agreement reached here on February 2, Britain will have to bring her tariffs into line with those of the EEC in four equal stages.

In practice, this means that 12 months after entry the UK will have to reduce the difference between these two sets of tariffs by 20 per cent—and each year thereafter by an identical amount, the last adjustment being made 4½ years after entry. Thus if the preferential rate in the UK is zero and the rate in the EEC is 10 per cent, within three years of entry Commonwealth exports to the UK would be subject to a 6 per cent duty. Unfortunately this is not the only adverse factor India's exports will have to contend with. Even while Britain will be raising her tariffs on imports from Commonwealth countries, she will be reducing them on imports from other Common Market countries and the associated states.

Broadly speaking, the preferences enjoyed by Commonwealth exporters in the UK today will be gradually transferred to these countries if the negotiations for entry succeed. The new situation confronting Indian exporters could prove more unfavourable to them for a number of products. This is especially true as regards tropical products, for which the associated states will enjoy duty-free entry in the UK market while India will be subject to the full common external tariff. The associated states will also have a substantial advantage over India as regards tropical fruits and juices, for Britain will have to replace the preferential rates granted Commonwealth exporters by the rates levied in the EEC, which go from 12 per cent to 34 per cent. And now that the Six have agreed to allow tobacco from the associated states to enter the Community duty-free, Britain will have to follow suit. As production of Virginia flue-cured tobacco is growing very rapidly in some of the African states, Indian exporters will be hard pressed to retain their share of the market (especially as the East African states will continue to enjoy preferential entry by virtue of their association agreement with the EEC).

One of the arguments put forward by the Six in support of their relatively optimistic approach to the problems of developing Commonwealth countries is the recent agreement on generalised preferences. They point out that both the UK and the Community will have begun to implement

their offers long before Britain's entry into the EEC, so that countries such as India will be enjoying duty-free entry for their exports of semi-manufactured and manufactured products in both the UK and the Common Market at the time of entry. As a result, entry will have little or no repercussion on India's exports to the UK market.

Unfortunately for India, the position is a good deal more complicated than the spokesmen for the Six will admit. It is not clear just when the various schemes will be implemented. The European Commission in Brussels is prepared to implement the Community's scheme from July 1 but at least one or two of the member states would prefer to wait for the Americans to implement their scheme. But the Nixon Administration has yet to send the necessary legislation to Congress, after which another 6 to 12 months may elapse before the Bill becomes law.

Once Britain joins the EEC she will have to bring her scheme into line with that of the Community, despite the fact that it is the more generous of the two. But the Six are unlikely to abandon their scheme, which is based on import ceilings. Entry therefore is bound to result in a reduction in the opportunities for duty-free entry available to developing countries—and could prompt the Americans to revise their own scheme downwards in the best tradition of burden-sharing.

This is the overall picture as regards semi-manufactured and manufactured products. It is even more complicated—and uncertain—as regards sensitive products such as textiles. The British, who plan to introduce a 15 per cent import duty on textiles from the Commonwealth countries also as from next January, have excluded textiles from their preferences scheme. The Six, on the other hand, have included them—but in such a way that in practice only a small proportion of India's textile exports to the EEC will enter duty-free.

What will happen once Britain joins the Community remains an open question. The Common Market textile industry will, no doubt, renew its campaign to force the member states to remove textiles from their scheme; the European Commission, on the other hand, will probably press for the British to allow duty-free entry on terms identical with those of the Six's original offer. In either case, the result will be quite unsatisfactory for countries such as India. (New Delhi would have been secretly pleased with the British decision to put cotton textiles on the exceptions list had the latter not decided to abolish duty-free entry for Commonwealth countries.)

Jute manufactures will also pose something of a problem. The British have offered duty-free entry for jute goods and so have the Six—provided they can reach an agreement with the two main suppliers, India and Pakistan. Although such agreements were in fact concluded by the EEC with each of the two Asian countries, the Indians have threatened to denounce theirs unless they receive a larger quota. The position is much the same in the case of coir products also: the Six are prepared to grant duty-free entry but only after they have reached an agreement with India. □

BUSINESS REPORT

From Our Own Correspondents

JUTE

Pakistan crisis boosts Indian hopes

LONDON.

THE new political crisis in East Pakistan has provided an unexpected opportunity for Indian textiles to regain their former share of the British market. Indian jute mill owners who in recent years have taken a severe beating from the cut-price Pakistani competition will soon be getting a flood of new orders from British merchants.

"This should give the Indian mills a new lease of life," was the verdict of the director of a leading London merchant house which sells jute products all the world. "It looks as if the business will go to India now for as long as the political strife in East Pakistan lasts. Before this happened, the market in India was rather depressed; but now it is getting firmer."

The British buyers of jute goods have been neglecting the traditional Indian market mainly because it has been overpriced. They can buy cheaper—and, some say, better quality—from Pakistan. There the jute mill owners benefit from a 35 per cent export bonus which is really an export subsidy and gives them a clear advantage on world markets.

In hard cash, Pakistan's export bonuses have allowed the jute manufacturers to undercut the Indian competition by a regular one or two per cent. "Pakistan gets most of our business because it is cheaper. India has been getting the left-overs for the past few years," a London dealer explained. "The difference in price is always quite marginal. But whatever the Indians quote, the Pakistanis manage to quote just a little less."

In the past few years India has almost lost all her British market for sacking. The Pakistani product is nearly a shilling a yard cheaper, so naturally the buyers pass up the Indian offerings. In 1968 India sold about 16,000 quintals of jute sacks and bags worth £234,538 (Rs 42.22 lakhs) to Britain. By last year this side of the market was slashed 90 per cent to about 1,250 quintals worth £31,985 (Rs 5.76 lakhs). Woven jute fabrics—hessian and carpet backing—have also been hard hit. Imports into Britain which were worth around £4 million (Rs 7.2 crores) in 1968 dropped to £2.3 million (Rs 4.14 crores) the following year; they slid further in 1970 to £1.8 million (Rs 3.24 crores).

In recent months there have been signs that India and Pakistan have been overproducing hessian. And there were some fears that a severe price cutting war would result if the market became over-weighted with surplus supplies. But if India continues to have the jute market to herself this year that particular problem should take of itself to India's advantage.

Although, at least for the short term, the jute market seems to be looking up

again, there is not much for the Indian cotton producers to look forward to. The British Government's decision to abolish Commonwealth preferences for cotton textile imports and apply a 15 per cent levy is a hard blow. Many experts believe it could knock India right out of the British market.

Even under the preference system—it is founded on the Indo-British Agreement of 1938—which allows cotton into Britain free of tariffs, India has struggled to hold her own against the cheaper competition. Exports acknowledge that India stands to lose more when the levy goes into force than either Hongkong or Pakistan.

At present the British market takes about 35 per cent of India's exports of cotton textiles worth about £16.5 million (Rs 29.7 crores). Indian officials in London estimate that if they fail to persuade Britain to abolish or reduce the threatened levy the majority of cotton producers will give up and move to more profitable markets such as South-East Asia and America. The loss in value of Indian cotton imports is expected to be between £10 million (Rs 18 crores) and £15 million (Rs 27 crores); most of this trade will be picked up by Japan and Portugal.

The levy is due to go into force at the beginning of next year. It is being introduced after strong lobbying by the British Textile Council, the statutory organisation of the Lancashire cotton industry. The council, which has also been experiencing hard times, claims that abolishing the preferences will give the industry "a more stable and predictable framework". Yet India has not come close to filling its quota of around 202 million square yards of cotton for three years.

The British Government says it recognises that India will suffer most hardship from the change-over to tariffs. There have been vague promises of some compensatory aid to cushion the blow. But after months of negotiations between officials of the two governments very little has been accomplished.

BANKING

Mr Talwar's plea for credit planning

BOMBAY.

IT is very rarely that the chairmen of the public sector organisations are known to express their frank views publicly. The statements of the Chairman of the State Bank of India, Mr R. K. Talwar, at the annual general meeting of the bank and at the press conference the same day last week are significant in this respect.

Though technically Mr Talwar was speaking as the Chairman of the biggest public sector bank his views have to be considered as those coming from the leader of the nationalised banking sector. Since the nationalised banking sector has undergone more or less the same experience during the last 21 months of bank nationalisation a consensus on some of the issues has emerged on the problems affecting the banks.

Mr Talwar touched on some of the vital aspects of the functioning of the banks. A large credit expansion has been brought about mainly in pursuit of a deliberate public policy in which the central banking authorities had assured liberal support to the banks to extend credit to certain priority sectors. However, to combat inflationary pressures the authorities curtailed the refinance facilities in the midst of the busy season. The banks, therefore, find it difficult to meet the demand for credit from their own resources. They have been put in a predicament in which they have to either deny credit to large and medium industries which will be detrimental to production and employment or to deny assistance to the weaker sections which goes counter to public policy. This was not entirely unanticipated as the demand for credit has been outstripping the deposit mobilisation for more than a year.

It was in this context that Mr Talwar has pleaded for credit planning. His contention is that the planning so far has been merely directional in nature. There is no quantitative allocation of the total flow of credit. He has pleaded for apportionment of credit among various sectors and sub-sectors so as to accord with plan priorities. In the social control era the Credit Council had been evolved and it was thought that this body would in due course of time examine the needs of various sectors and make allocations on the basis of available resources. However, when the banks were taken over the Union Government did not take any steps to activate the body or to reorganise it with the result that there has been no credit planning as such.

As regards credit to priority sectors what Mr Talwar said has been rather revealing. The repayment experience in the case of small industries sector by and large was satisfactory. However, in the case of agricultural advances, the recoveries were 80 per cent of the demand for payments due. The cost of making the funds available to the priority sectors was 11.5 per cent for small industries and 12.5 per cent for direct loans to agriculture. This excluded risk margin. As against this the interest earnings were at the rate of 9 per cent for small industries and 9.5 per cent for agriculture. Thus there is a substantial differential in the cost of funds and the income earned in the credit given to priority sector. The deterioration in banking services seems to be partly responsible for this state of affairs.

At the instance of the Finance Minister, a committee headed by the RBI Deputy

Governor, Dr R. K. Hazari is examining the question of giving preferential interest rates for the weaker sectors. The committee would no doubt take notice of these views. Having said this it is not yet clear as to why the SBI should have experienced such a high percentage of overdues. The co-operative institutions in the country have been criticised in the past for having overdues of 30 per cent or above. The experience of the biggest public sector bank with all its modern techniques of processing of loans has not been very satisfactory. This calls for a fresh examination of the strategy of financing agriculture through the co-operatives and the commercial banks. In fact, Mr Talwar has pleaded that the role of commercial banks can only be 'supplementary' and the responsibility must continue to rest mainly with the co-operatives. This is a significant development and is in line with the thinking of the leaders of co-operative movement in the country. The effective use of credit is vital to the banking system. Mr Talwar has admitted that it is difficult for the banks to create machinery at every office for processing of loan applications and subsequent supervision. The SBI is, therefore, selecting throughout the country about 150 centres in which the borrowers within a radius of 10 miles would be covered. The Bank is moving away from scattered lending towards intensification of area approach.

Mr Talwar has criticised the entry of the LIC and the Unit Trust in the call money market. The two financial institutions had been permitted by the RBI last year to invest funds in the call money market. The rationale behind the decision was that the surplus funds with the institutions should be available to banks who were hard pressed with resources and the institutions should also get a better return on their investments. The banks ascribe the rise of the inter-bank call money rate to 11 per cent to the LIC and the Unit Trust demanding higher price for their funds. The question is whether these long-term funds should be used for short-term purposes. The banks and the two financial institutions have conflicting interests. It is time to resolve this controversy.

Mr Talwar has referred to the fact that while the interest rate on advances has been going up the rate of interest on time deposits has not gone up. Bank rate increases in the past were justified on the ground of reward to savers in the economy. However, the Bank rate rise from 5 to 6 per cent in January this year has not brought about any such rise in the case of time deposits. The talk of reward to savers has been forgotten. Mr Talwar's stand is in contrast to the attitude of the SBI in the past when there was reluctance to raise deposit rates on the ground that deposits are not interest elastic. However, his suggestion that an increase in deposit rates may be brought about by some adjustment in lending rates may generate fresh thinking on this vital issue of augmenting savings.

Mr Talwar has made a reference to the stoppage of work at the banks causing lot of suffering to the customers. He has expressed the hope that a suitable machinery for the settlement of disputes would be evolved. □

Wages and productivity

MR Harish Mahindra, Chairman of Mahindra Ugine Steel Co, says that as a cushion against wage push inflation, a dynamically stable wage system should be devised under which workers are offered continuous increases in wages along with adequate rise in productivity. There are two alternatives to achieve this objective. The first is an authoritarian control over wage policy determination which may not be possible in a political democracy. The other alternative is the adoption of a national prices and incomes policy which would provide the necessary framework for the wage settlements at the industry or plant level. The chief merit of this policy is that it would help regulate the growth of dispensable income and reduce disparities in income. The kind of "partial national prices and incomes policy limited to selected sectors or industries," according to Mr Mahindra, is not impracticable. Some such experiment is worth trying as its results might give national prices and incomes policy a sporting chance to prove itself. Payment of wages by results or measured-day work or any other system could succeed only if it is tailor-made to suit individual units of production. Citing examples of units which had successfully done productivity bargaining and productivity deals, Mr Mahindra says there seems to be no clear thinking on the subject in India. The attitude should be that once a living wage had been granted to begin with, all future compensations offered, other than ex-gratia and bonus, should be on the basis of a rise in productivity. The extent of the rise in wages related to productivity may be subject to negotiations. The gain from increases in productivity could be shared equitably among labour, management and the capital.

Import of technology

Dr Bharat Ram, President, International Chamber of Commerce, says that if the country had to cope with modern trends no time should be wasted in adopting modern technology. Although for the home market labour-intensive industries are economic, for the export market the use of sophisticated technology is essential. The Government should freely allow the import of technology for export production which alone would enable our exporters to compete in the international market.

Industrial licensing and States

Mr V. G. Rajadhyaksha, the outgoing President of Bombay Chamber of Commerce and Industry, says that when a proposal for a new project or for the expansion of an existing one is received from a large industrial house or a foreign business house, it should be left to the State Government to decide on the social and economic relevance of the project. This includes whether the pro-

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posal satisfies the requirements of the industrial licensing policy and the Monopolies and Restrictive Trade Practices Act. The advantage of passing on these tasks to the State Government lies in the fact that the State Governments are ensuring the development of backward areas and are largely responsible for the welfare of small-scale units. The State Governments have also to handle the labour problems in the State. Mr Rajadhyaksha therefore suggests that the transfer of licensing authority to the States would go a long way towards ensuring a happy partnership between the Government, labour and entrepreneurs.

Railway mismanagement

Mr H. N. Mookherjee, Chairman, Indian Mining Federation, says that what is happening with the railways is something strange. The railways have dieselised and electrified most of their tracks, introduced box wagons and have extensively remodelled and expanded their various yards in order to increase operational efficiency and turn-round of wagons. But a wagon still remains idle on an average 19 hours in a day at the marshalling yard, goods shed or transit shed—its running time being limited to five hours a day. Even the railways admit that the turn-round of wagons is as slow as it was two decades ago. The railway authorities have not been able to provide a satisfactory explanation. Explaining the reasons for the deficit in the railway budget, the Railway Minister said in the Lok Sabha that the railways were not getting enough traffic for transport capacities built up during the Third Plan period. But such a statement, according to Mr Mookherjee, can hardly be reconciled with the stark reality of constant shortages to carry the coal.

Chemical industry's problems

Mr C. D. Thakkar, President, Indian Chemical Manufacturers Association, says that the unsatisfactory working of the IDPL plant and delays in implementing the Hindustan Organic Chemicals' plant has resulted in a drain of foreign exchange worth of Rs 25 crores. The delays which occurred in the licensing of new undertakings in the private sector have also been costing the nation dearly in foreign exchange. At the same time, the delays in commissioning some of the fertiliser plants are resulting in a foreign exchange loss of Rs 70 crores annually. It is, therefore, a welcome move, Mr Thakkar says, that the Government proposes to appoint task forces to remove obstacles in the way of expansion of public and private sector chemical units.

Commercial banks in India after nationalisation

By B. N. Adarkar

STRUCTURALLY the banking system in India has gained distinctly in strength and cohesion after nationalisation. The policies and working of the major nationalised banks have now been brought into closer harmony and co-ordination with those of the State Bank of India and its subsidiaries which, prior to nationalisation, moved in a somewhat different orbit. A better environment has thus been created for the formulation and implementation of monetary and banking policies.

While the security of deposits is better assured, a heavier responsibility is thrown on the management of nationalised banks to so conduct their affairs that there is a steady accretion to the banks' capital funds to absorb any losses, past or present, and thus to avoid an erosion of deposits. Even after nationalisation the return on investment will continue to be an important yardstick for measuring the performance of banks.

It is wrong to think that banks cannot earn a reasonable return on capital if they carry on their operations with due regard to their social obligations. Not all rural banks need run at losses, nor need the risk of loss on small loans be necessarily greater than on large loans.

If social objectives are accepted as an excuse for a lower return on capital, banks will have no incentive to combine social objectives with a high standard of management. Under the guise of social objectives losses may be incurred which will really be due to inefficient management. It is, therefore, essential to devise a management and accounting system whereby uneconomic operations undertaken on grounds of public policy are separately accounted for and banks' performance is judged by the rate of return earned by them on their normal operations.

While financial discipline is the essence of sound banking, monetary discipline is vital to the health of the economy as a whole. The commercial banks have a two-fold duty to perform: to put forth their best endeavour to mobilise deposits, and secondly to check extension of credit so as to avoid excessive borrowing from the Reserve Bank.

Thus, for a proper exercise of monetary discipline, all the three aspects, namely, deposit mobilisation, credit restraint and as its natural concomitant credit planning must be taken care of.

Unrestricted extension of credit out of created money can generate inflationary pressures and eventually do serious harm to the economy, however laudable is the purpose for which such credit is provided in the first instance. The major achievements of nationalised banks are in the realm of branch expansion, deposit mobilisation and extension of credit to agriculture, small-scale industry and certain other hitherto neglected sectors.

The current rate of branch expansion can be maintained without risk to the banking system only if adequate arrangements exist for training and orientation of branch managers, for proper choice of locations, for inspection of branches at suitably short intervals and for head office co-ordination and control.

It is, therefore, incumbent on the authorities to see that branch expansion programmes are accompanied by concurrent action to strengthen the internal organisation of banks, wherever it is weak, in these respects, and to fix branch expansion targets only after a careful examination of the personnel and other resources available to individual banks to manage a vast network of branches. Targets have their value as a means of pulling a system out of a rut and giving it a push, but thereafter performance should be judged more by quality than speed.

The economy needs a much higher rate of deposit accretion. However, the rate of deposit growth is partly a reflection of the rate of saving and beyond a certain limit bank credit cannot fill the gap between genuine savings on the one hand, and the investment needs, on the other. A shortage of bank credit is unavoidable in an economy suffering from a shortage of savings. If the fact that owing to an overall shortage of real resources, a cut in credit facilities is unavoidable even for genuine production purposes in some sectors were more widely appreciated, there would be less criticism and more willing acceptance of the credit policies and operations of the Reserve Bank and commercial banks.

The new bill market scheme will bring about a quicker turnover of funds between banks and their borrowers and greater mobility of funds between banks and within the money markets generally. To get the maximum benefit for the economy from the limited credit resources, it is essential that commercial and industrial borrowers should practise utmost economy of credit and accept a measure of discipline in regard to the payment of their current dues. I would, therefore, take this opportunity to appeal to the commercial community to make the Reserve Bank's new bill market scheme a success.

I feel that there is scope for liberalising the present refinancing facilities of the Reserve Bank to take care of the increased demand for credit for food procurement and priority sectors, where such demand is high in relation to the optimum growth of deposits which the RBI may expect individual banks to attain.

Prior to nationalisation, the National Credit Council was charged with the task of evolving a credit plan. It is high time a new credit council was set up to perform this function. The council should be composed of individuals selected for their knowledge and expertise and not on the ground that they represent particular sections of credit users, as otherwise the council may become only a forum for ventilating grievances or settling conflicting claims.

The expansion of credit to agriculture and small-scale industries was a trend started after the introduction of social control over banks, but which gained momentum after nationalisation. The public sector banks, particularly their executives deserve praise for the alacrity with which they took the new task upon themselves and reoriented their policies and procedures to cope with it.

The public sector commercial banks have made good progress towards what was one of the main objectives of nationalisation, namely, to give the small borrower an access to bank credit. Branch expansion is only the first step towards extension of banking services to rural and backward areas. The performance of lead banks should be judged not only by the number of branches opened by them but also by the number of projects for improving productivity or creating new employment opportunities which they are able to sponsor or finance in rural and backward areas. Many lead banks have a long way to go in building up the necessary organisation for this type of activity. Care has to be taken to see that excessive pre-occupation with branch expansion does not divert attention from the basic and more difficult task of generating production and employment opportunities in rural and backward areas.

Indeed some measure of official guidance is necessary and unavoidable in any scheme of public management, but it is important to ensure that despite such guidance, the boards of directors remain fully accountable for the final results, in terms of both profit and loss and service to the community. Official guidance should never go so far as to prejudice the accountability of the boards of directors. Equally, the principle of accountability should not be stretched so far as to leave the boards free to adopt policies of their choice subject only to their being judged by the results at the end of the year.

But to allocate responsibility is one thing, to divide accountability is another. Efficient management of public enterprises requires that the boards of directors alone remain accountable for the final results. To ensure that the boards alone remain truly accountable for the final results, official guidance should be provided in such form and manner that the board is able to account for the results, and Parliament and the public are able to assess them, in terms of factors within the board's control and those outside its control.

Just as the official directors should not be regarded as having a representational role in all matters regardless of whether they call for official guidance or not, it needs to be clarified that the duties and responsibilities of other directors drawn from specified sectors like depositors, employees, workers, farmers and artisans are not limited to their respective special interests, but include in their scope the wider interests of the institution and the community.

Excerpts from A. D. Shroff Memorial Lecture delivered on March 30 by Mr Adarkar, a former Governor of the Reserve Bank of India.

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	Less : Calls in arrears as on 31-10-1970.	11,500
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(2) Unit Trust of India, Bombay Life Building, 45, Veer Narman Road, BOMBAY	25,00,000
(3) Champaklal Devidas, Agakhan Building, Dalal Street, Fort, BOMBAY-1	15,00,000
(4) The Andhra Bank Ltd., 18-A, Hamam Street, Fort, P. O. No. 1114, BOMBAY-1	10,00,000
(5) The Vijaya Bank Ltd., Parsee Bazar Street, Fort, BOMBAY-1	10,00,000
(6) The Bank of Karad Ltd., 82, Nagindas Master Road, Commonwealth Building, Fort, BOMBAY-1	10,00,000
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OBJECTS AND PROPOSED ACTIVITIES

The Company does not intend to acquire any new business out of the proceeds of the issue but will utilise the same for financing capital expenditure on development of power distribution facilities within the Licensed Area of Supply of the Company.

DATE OF OPENING AND CLOSING OF SUBSCRIPTION LIST

The subscription list of Debentures will open at the commencement of banking hours on the 2nd day of April 1971 and will close at the close of banking hours on the 26th day of April 1971 or earlier at the discretion of the Directors but not before the close of banking hours or the 7th day of April 1971.

PROSPECTUS AND APPLICATION FORMS

Application forms along with copies of the prospectus can be had from the Registered Office at the Company as well as from the Underwriters, Managing Brokers and Brokers, whose names are mentioned above and from the offices of the Bankers to the issue at the places mentioned below.

1. United Commercial Bank, Bombay, Ahmedabad, Bangalore, Calcutta, Delhi, Hyderabad, Indore and Madras.
2. Bank of Baroda, Apollo Street, Bombay-1.
3. Bank of India, 70-80, Mahatma Gandhi Road, Bombay-1.
4. The Vijaya Bank Ltd., Parsee Bazar Street, Fort, Bombay-1.
5. The Andhra Bank Ltd., 18-A, Hamam Street, Fort, P. B. No. 1114, Bombay-1.
6. The Bank of Karad Ltd., 82, Nagindas Master Road, Commonwealth Building, Fort, Bombay-1.

EXPORT ANGLE

By Stavedore

Cotton textile exports

WITH the approach of the end of the financial year 1970-71, the conclusion of yet another spectacular bulk deal in cotton yarn with Burma has been noted with satisfaction by textile export interests. If the deal had been concluded earlier, perhaps it could have helped the realisation of the export target for cotton textiles fixed at Rs 120 crores for the financial year. As it is, there is general satisfaction that the Burma deal could well give a bright start for textile exports for the financial year starting from April 1. The deal, valued at Rs 4.30 crores, for the export of superfine cotton yarn, has been put through by the Cotton Textiles Export Promotion Council and the Myanma Export-Import Corporation of Burma, the central buying organisation for all textiles in Burma with which sizeable bulk contracts in cotton yarn had been effected in the past.

At a time when cotton prices as well as the prices of yarn had tended to climb down from their dizzy heights, this latest bulk deal could well bring about a reversal in the trend. It is to be seen how far the recovery phase would affect the genuine interests of the handloom weavers and, in turn, the export of handloom fabrics, especially to the European market, where the demand for such fabrics had latterly picked up. Be that as it may, India's ability to achieve the same target for the new financial year would depend very largely on how an overall improvement in the export of different items of textiles is maintained in the next 12 months. Shipments of cotton piecegoods and hosiery in particular have to be geared up.

Textile exporters have been pressing, for quite some time, the Cotton Textiles Export Promotion Council and the Indian Cotton Mills' Federation for an appropriate mark-up in the incentives, especially in the light of the strident advance in prices of cotton noticed for the greater part of the current cotton year. The response from the authorities has so far been rather lukewarm. The All India Exporters' Chamber had also had occasion, during the course of this financial year, to urge on the authorities the need for expeditious action so that the improved climate for Indian textiles in the overseas markets could be exploited. Can something positive be expected from the authorities before it is too late? (See also *Export Angle, Commerce* of March 27, page 576). □

Inquiries galore

WITH the growing emphasis of the Government on strengthening both

qualitatively and quantitatively the small-scale sector, it is but natural that this sector's export prospects should be receiving special attention. The small sector has played a significant role in the export growth of some of the major exporting nations such as Japan and Hongkong. Moreover, the small operator enjoys several advantages in cost of production of labour-intensive products in the international market. In this context it is gratifying to know that of late more than 500 inquiries were received by the office of the Director, Export Promotion for Small-scale Industries, for such items as bicycles, bicycle parts and tools and automobile parts from Japan, the United States and Italy. These inquiries, if they are executed, would be worth Rs 82 crores. An interesting aspect is that almost Rs 58 crores worth of inquiries have come from Japan alone. In view of the recent labour shortage and soaring wage situation in Japan many production lines are reported to be becoming uneconomic. The Japanese who once built major business by exporting components to Europe and North America are now looking for components from the developing countries. Naturally this is a market that offers enormous potential for the small-scale sector in India. □

Electricals for East Africa

THE Indian Consortium for Power Projects, constituted recently under the Ministry of Industrial Development, has bagged two major orders against stiff international competition from Malawi in East Africa. One order is for the supply, erection and commissioning of a 66 kv power transformer and the other is for the supply of complete equipment for a 66 kv substation for Malawi's Electricity Supply Corporation. These contracts are a part of the Tedzani hydro-electric scheme which is being financed by the International Development Association of the World Bank and the African Development Bank. □

Teleprinter sales

THE Hindustan Teleprinters Ltd at Madras seems to be poised for a major breakthrough in the export market. Orders worth Rs 48 lakhs are presently at hand. A major part of these has come from Kuwait and Iran for the supply of Arabic and Persian script teleprinters which the company has developed recently. It has also secured similar orders from Bhutan, Ceylon, Yemen and Nepal. Recently trade inquiries for teleprinters were received from Singapore and the Philippines where samples have been sent for testing. The inquiry

from the Philippines is particularly significant as, if the testing proves satisfactory, an order of a sizeable quantity could be expected from that country. □

Uptrend in fish products

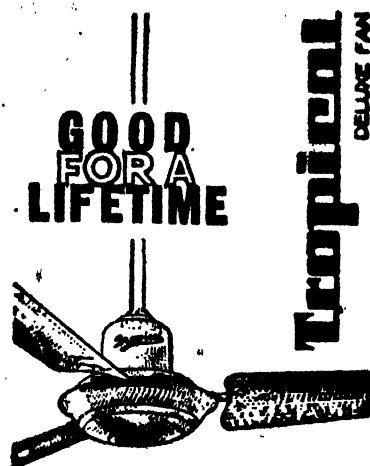
THOUGH the month of January showed some setback in exports of fish and fish products, the performance during the first 10 months of the current financial year has been quite encouraging. Shipments totalled 29,816 tonnes valued at Rs 28.80 crores as against 25,474 tonnes valued at Rs 27.73 crores in the corresponding period of 1969-70. This meant a growth of 17.04 per cent in terms of quantity and 3.86 per cent in terms of value.

During the month of January this year shipments totalled only 1,887 tonnes valued at Rs 2.01 crores as against 3,028 tonnes valued at Rs 3.02 crores of January 1970. There was a steep decline in exports of frozen prawns from 1,919 tonnes in January 1970 to 929 tonnes in January this year. This was mainly because of poor offtake by the United States markets which lifted only 369 tonnes valued at Rs 35 lakhs as against 1,360 tonnes valued at Rs 1.35 crores in January 1970. Besides poor catch has also been a contributory factor. Interestingly, the Japanese offtake of frozen shrimps was more than 500 tonnes valued at Rs 90 lakhs during the month. This quantity was more than what the US bought from us.

Another disturbing feature of the exports was a decline in canned shrimp for the second month in succession. Other items which recorded a fall during the month included frozen lobster tails and dried fish. However, frozen frog legs showed a significant rise from 127 tonnes in January 1970 to 165 tonnes in January 1971. However, the export earnings from this item have declined from Rs 19.80 lakhs to Rs 17.69 lakhs and this is mainly on account of the sharp fall in prices of "jumbo" grade in the US markets. □

Leather exports to Japan

A FOUR-MEMBER study team of leather goods manufacturers sponsored by the Foreign Trade Ministry left recently for Japan. The team will explore the markets in Japan for Indian leather goods and the possibilities of expanding the present lines of business. Japan has been a principal market for sheep casings from India but there are indications that Tokyo has started buying in substantial quantities from other countries such as Australia, New Zealand, Pakistan and China while the Indian share has remained stagnant. □



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A survey of commerce education

By Bhagwati Prasad

THESE days commerce as an educational course is being systematically eclipsed by management education. Enrolment for commerce courses is dwindling day by day in most of the universities. Commerce graduates are not given their due place by the employers on the pretext that they lack liberal education and common sense. Under these circumstances, it is most timely for teachers of commerce to sit together and have a sort of introspection.

Commerce education in India can be traced back to 1886 when a commercial school was started in Madras. The Government of Madras also showed interest in this branch of study and took the lead in instituting examinations in commerce at about the same time. Then a school of commerce was started in Calicut by the Government of India. In 1903 Calcutta also witnessed the starting of a commerce class in the Presidency College. Afterwards in Bombay and Delhi a few commercial institutes were started to impart instructions in book-keeping, typing and letter-writing etc. With the establishment of the Sydenham College of Commerce and Economics in Bombay began the commerce education at the university level. Subsequent years saw the opening of commerce colleges at different places and commerce departments in various universities.

Now in almost all the universities of India instructions in commerce are imparted and degrees awarded. At the same time high school and higher secondary boards in the country are concerned with commerce education up to intermediate or higher secondary levels. Besides, for professional training in accounting, auditing and management etc, there are also a few specialised institutes such as the Institute of Chartered Accountants of India and the Institute of Cost and Works Accountants of India.

Though commerce teaching began as early as 1886, no effort was made to assess its usefulness and nobody showed concern about the aims and objects of the study of commerce and therefore commerce teaching could not be properly oriented. The earliest opportunity that the Government of India could take was the appointment of the University Education Commission under the chairmanship of Dr S. Radhakrishnan to make a thorough study of the educational system in India and to suggest ways and means to improve it.

The Commission while reviewing commerce education observed that "those who complete their education in commerce and have the intensive training which the Master's degree offers are led to seek posts either as teachers in educational institutions or in the executives of business houses. The opinion of practical businessmen on the ability of these graduates to fit into business is not favourable".¹ The Commission further observed that the business houses "criticise the training received in universities as almost purely theoretical and they find that they have to train the

commerce graduates in the ways of the business just in the same way as they have to train an Art's or Science graduate; some of them even observed that the latter is often easier to train on account of his superior intellectual equipment".²

These remarks of the business houses deserve our utmost attention. It is to be admitted that a commerce graduate does not possess any knowledge of the liberal subjects like psychology, sociology, etc, which go a long way in not only developing the personality but help the persons in business in personnel management and public relations. Besides, what we teach in the name of commerce is hardly found useful by the industrialists and business concerns. This is the reason why the commerce graduates also are trained by the employers along with non-commerce graduates. In this situation the non-commerce graduates will definitely have an edge over the commerce graduates because of their background of liberal education.

The Commission was forthright in giving its comments on the writing of these and the so-called research at the post-graduate level in lieu of one paper in some of the universities. It observed that the "collection of facts is not always based on firsthand experience; it is borrowed from Government blue books and statistical records".³ It opined that during his stay at the university the "commerce student should be given opportunity for practical work in three or four different kinds of firms". After graduation "some of them be advised to specialise in a particular profession like accountancy and receive the requisite practical training and that the training for the Master's degree in commerce be less bookish and confined to a comparatively small number".⁴

There can be little doubt about the usefulness of the suggestions given by the Commission but it is common knowledge that, as usual, the recommendations were put in cold storage. The Government of India did not take any note of the recommendations as regards commerce education. Similarly most of the universities showed no interest and remained lukewarm to the proposals of the Commission, on some pretext or the other.

After about ten years of the submission of the Radhakrishnan Report, someone in the Ministry of Education took note of the devastating criticism at the hands of industrialists and leading businessmen about the futility of commerce degrees like B.Com and M.Com. By that time a few universities had already started the management courses and there came into existence the craze for management degrees. All this prompted the Minister for Scientific Research and Cultural Affairs to appoint a "high powered" committee under the chairmanship of Dr V. K. R. V. Rao with the following terms of reference:

"1. To enquire into and report on the present position of commerce education in India in all its aspects; and

2. suggest measures for its reorganisation and improvement with reference to:

(i) the aims, organisation and content of commerce education; (ii) its relationship to existing and proposed courses of education in business management; (iii) the inter-relation of commercial schools and colleges with schools and colleges of other types; (iv) other allied problems;

so that a sound and reasonably uniform system of commerce education suited to the needs and resources of our developing economy may be provided for the whole country".⁵

The Rao Committee submitted its report in 1961 and recommended a few structural changes under the three heads, namely, pre-university stage, undergraduate stage and post-graduate stage. We may also proceed to discuss the present position, problems and suggestions for improvement under these captions only.

Pre-university stage

These days commerce subjects are introduced at the high school level in the IXth class. The students study book-keeping, business organisation, banking etc for two years and pass high school examination in commerce or after the study of these subjects for a period of three years pass higher secondary examination. These students are required to read almost the same subjects again when they go in for intermediate or pre-university examination. There is repetition to the extent of at least 60 per cent of the syllabi they have covered earlier. It may be stated here that for admission to Intermediate Commerce or pre-university class in commerce, knowledge of commerce at the earlier stage is never insisted upon. The net result is that whatever time has been devoted to the study of commerce at the high school or higher secondary level proves to be a sheer waste.

To overcome the present difficulty, it may be suggested that if the commerce education at the pre-university stage "is intended to secure immediate employment; the courses offered have therefore to be strictly vocational in character and train the pupils concerned in the skills that will enable them to fill up the clerical and other junior posts without which commerce and industry cannot be operated. Examples of such occupations are book-keepers and cashiers, stenographers and typists, clerks, store-keepers and office machine operators".⁶ For those who propose to go in for immediate employment the observation of the Rao Committee must be accepted and syllabus redrafted in the light of the suggestions. But for those who plan to go in for higher education in commerce a study of the elements of psychology, sociology, general science and mathematics be made compulsory. This will help them to develop analytical skill and widen the horizons of thinking. The marks obtained in these subjects need not be taken into account for declaration of the results but at the same time some minimum efficiency must be ensured. In case it is felt that the teaching of these subjects together will increase the burden on the boys, two of them may be studied at the under-

graduate stage. Further details can be worked out by a special committee consisting of the representatives of the higher secondary boards and universities. It would be advisable to have representatives on such a committee from trade and industry.

Under-graduate stage

At present there are four types of courses leading to the degree of the Bachelor of Commerce. In the States where Intermediate still continues, a two-year B.Com course is available in the universities, but where higher secondary is in vogue, three years of teaching is necessary before awarding the degree. The third type is where B.Com (Honours) is awarded with almost the same papers but with a little variation in the syllabi. The fourth type is where the SSLC examination is conducted and the universities are running pre-university classes before the students are admitted to B.Com part I of the three-year degree course.

As regards papers, a wide variety is taught with many combinations. With a little weight to languages, in most of the universities heavy weightage is given to the papers pertaining to economics. The papers taught include *inter alia* economics, currency and banking, public finance, Indian economics, economic development of Great Powers, trade and transport, business organisation, industrial organisation, salesmanship and marketing, secretarial practice, accountancy, auditing, cost accounts, income-tax, mathematics, statistics, insurance, advanced banking, mercantile law, economic problems of India, commercial geography and so on.

This easily shows that there is little co-ordination among the universities. Generally no guidance is available to the students for the selection of papers. They select papers without giving any thought to their future plans. There are a few universities that have started specialisation at this stage. It appears that these universities are not aware of the aims and objects of the B.Com degree. This explains the reason for the introduction of specialisation at the first degree level. No note is taken whether the student is going to pursue higher studies or not. If he proposes to go in for M.Com, specialisation at that stage has no relationship with the papers taught under specialisation here. The result is that a student specialising in co-operation at B.Com offers himself for specialisation in costing or taxation at M.Com level. The need of the day is that this haphazard nature of imparting education must go. B.Com must be co-ordinated with M.Com.

Instead of asking the student to specialise in some field we would do a nice job if we can impart some basic knowledge of the subjects which are in daily use in business. Industrial psychology, principles of management, labour administration and personnel relations are some of these important fields the basic knowledge of which will go a long way in improving the stature of a commerce graduate. The Rao Committee rightly emphasised that "what we need therefore is a B.Com degree that without losing its basic utilitarian character of commerce education will increase the commerce graduate's ability to express himself lucidly and with logic and at the same time, stimulate in him initiative, con-

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fidence and analytical ability as also build up his character and make him aware of his social responsibilities. It is also important that a practical outlook should be encouraged in his approach to the problems he studies for his B.Com degrees.⁸ The recommendation has in view the opinion generally expressed by the industrialists and businessmen all over the country that "in terms of initiative, logical thinking and lucid exposition, he (a bachelor of commerce) is worse than the arts or science graduate, while in regard to vocational training he does not seem to show any special competence".⁹

I am not at all for the uniformity of syllabi in all the universities of the country but some sort of common minimum programme must be evolved. At the State level deans of the commerce faculties can meet and work out the details of such a programme. Specialisation at the B.Com stage will not help much. Efforts should be made to increase the weightage in favour of personnel relations, human and industrial psychology, mathematics, principles of management and business economics. This will provide the necessary tools for higher studies and also help the commerce graduate to discharge his duties effectively in case he prefers to go in for employment in business and industry after his first degree in commerce. The importance of language must also be not lost sight of. Besides his grip over the mother-tongue, the knowledge of English is essential. If not inconvenient a fair knowledge of Hindi is likely to help him in business world. But it must be understood properly that it is the language and not the literature that is to be mastered. Study tours to industrial establishments by the students must be encouraged. They should also be taken round a stock exchange, a produce exchange, a few workshops and a few manufacturing companies. Then only they will be found well equipped for immediate employment as well as for higher studies.

Post-graduate stage

A post-graduate student is in no better predicament either. On the other hand it appears to be the culmination point of confusion and lack of farsightedness on the part of those who claim themselves to be the pillars of university education in commerce. The subjects taught here have no relevance with the subjects already taught at the B.Com level. Similarly subjects taught at the M.Com final level have no connection whatsoever with the training imparted at the M.Com previous level. "In fact most of the M.Com courses are either a duplication of the B.Com courses with little addition here and there or they are left-over of subjects from the department of economics".¹⁰ The papers taught include econometrics, economics of Great Powers, population problems on the one hand, and business taxation, company law, advanced accountancy etc, on the other. Not only do the courses suffer from the heterogeneous nature of these papers in different universities but the student is left free to choose any paper of his liking irrespective of its utility to him in his future career. On the one hand he may opt for econometrics and on the other advanced accounts or company law.

I am in perfect agreement with the observation of the Rao Committee that "at

tion lends itself to a common purpose. It has to provide a culminating platform for specialisation as in different fields of commerce for the holding of responsible position specialists in business houses or as general managers or as teachers in educational institutions. These multifarious needs presuppose the formulation of commerce education at this level in such a way as to satisfy each of these needs".¹¹ It appears that this observation of the committee has in no way worked as a stimulant for a long overdue overhauling of commerce courses in our universities. There have been revisions of courses at periodical intervals in almost all the universities but in snapshot manner. The point to be emphasised is that a concerted effort has never been made by the universities to revise the system in a planned way. In most of the cases the revision has been *ad hoc*. The *ad hoc* nature can be explained by an instance where "one university introduced the subject of management accountancy as a compulsory subject at the M.Com previous level and the subject of costing as an optional subject at the M.Com final level quite forgetting that the study of costing preceded the study of management accountancy".¹²

The term "commerce" which has been in vogue during the last 80 or 90 years now is generally felt to be stale. It does not convey precisely as to what is to be taught under this branch of study. It needs to be substituted by a more apt term "business". Our purpose of study can then be stated to be the training of students for various positions in business. It will be in tune with the modern trend. Secondly, under the auspices of the All India Commerce Association deans of the faculties of commerce from different universities should meet and pool their efforts for revision of the courses of business education. They should also strive to bring some built-in uniformity in the courses. Then specialisation in different branches may be left to the universities themselves. It is not desired to make available all branches for specialisation in a single university. They may select the subjects of their own choice subject, of course, to the availability of resources. Specialisation at the B.Com level is to be done away with immediately. We should leave it to the industry to train their junior employees in fields of their choice. Thirdly, leading businessmen and industrialists of the region must be co-opted on the boards of studies and a liaison should always be maintained. Periodically there should be arranged discussions with businessmen in order to have an appraisal of the efforts of the faculty in catering to their needs. After all they are supposed to be the buyers of our product and we must know what type of product suits them. A few universities have made a beginning in this regard. Fourthly, there is a long-felt need to make the business education practice biased. The revision of courses must be aimed at bringing the work experience. This may be achieved by the placement of university teachers and students in business for short duration. "The industrial and business houses can offer really useful opportunities to management teachers for a closer insight into their working by referring business problems to them for comments and by inviting them on boards of interviews and other advisory boards".¹³

men and top executives should be approached for part-time teaching assignment in the faculty in various areas concerned. Some universities have already had the experience of sending their post-graduates to the business houses and industrial concerns for training purposes and they are not happy with it. They feel that "the students were generally asked to take routine work of clerical nature. In many cases they were considered as additional hands that have become available for clearing the arrear work of the institution concerned".¹⁴ It may be submitted here that if the owners or top executives of these houses are associated with the faculty so as to instil in them a feeling of participation, they will be found more responsive.

Similarly university teachers may be sent to these undertakings for firsthand knowledge of the business and industry. These undertakings can also be persuaded to refer their business problems to the faculty for expert advice. Fifthly, at the post-graduate level seminars and group discussions must form part of the syllabus and industrial tours must be made compulsory for the students.¹⁵ Sixthly, let us sit together and form a regular forum under the auspices of the All India Commerce Association and meet every year to review the progress made in different universities in this respect. Problems in implementation of the various suggestions may be discussed at the meeting and solutions can be found out. □

Notes

¹Report of the University Education Commission, 1949, popularly known as Radhakrishnan Commission Report. p. 2v7

²Ibid

³Ibid p. 208

⁴Ibid p. 210

⁵Report of the Special Committee for Commerce Education, 1961, p. 2

⁶Ibid p. 12

⁷For a comprehensive list of the subjects taught in some of the universities at B.Com please see—P. Kumar: Business Courses in Indian Universities appeared in *The Indian Journal of Commerce*, March 1970, pp. 40-45

⁸Report of the Special Committee, op cit pp. 20-21

⁹Ibid p. 19

¹⁰Q. H. Farooquee: Future Trends of Business Education in India appeared in *The Indian Journal of Commerce*, March 1970, p. 82

¹¹Report of the Special Committee op cit p. 24

¹²J. K. Irani: Business Education in Universities appeared in *The Economic Times* of 25th December, 1969

¹³N. G. Bapat: Commerce Education in Universities in Maharashtra appeared in *The Indian Journal of Commerce*, December 1969

¹⁴K. L. Maheshwari: Gaps in Management Education in Indian Universities appeared in *The Indian Journal of Commerce*, December 1969

¹⁵In the Karnatak University, Dharwar, students offering costing group for specialisation have necessarily to visit a few factories in order to acquaint themselves with the practice. The author has had occasions to organise a few tours and has found the response from the industry very encouraging. In most of the concerns the chief accountants or cost accountants made themselves available for open discussion on the problems of costing etc. Similarly the students offering taxation group for specialisation have to pay visits to a few appellate courts like the A.A.C., Appellate Tribunal, High Court and here also the response has been found to be

Company Meeting



MADRAS RUBBER FACTORY LIMITED

Chairman's Speech for the 10th Annual General Meeting.

I have great pleasure to welcome you to the Tenth Annual General Meeting of your Company.

We are meeting just after the most eventful election that our country has had since independence. Let me offer on behalf of the company and on my own behalf our humble felicitations and hearty congratulations to Mrs. Gandhi in whom the whole country has confided its destiny. Likewise I would like to offer our felicitations and congratulations to Sri Karunanidhi and his team in whom Tamilnadu has reasserted its confidence. The key note of these elections according to me is stability. What the country today needs is stability at Government levels, Centre and State. I am confident, as no doubt all of you are, that with this set up the progress of India as a whole and Tamilnadu in particular is in for a state of accelerated development.

Working results

The directors' report and audited accounts for the year ended 30th September, 1970 has been in your hands for some time now and with your permission I shall take them as read. Production, Sales and Profits of the Company regis-

tered substantial increases during the year consistent with our usual performance. Sales increased by 20%, viz: from Rs. 20.33 crores to more than Rs. 24 crores. Net profit recorded an increase from Rs. 94.25 lakhs to Rs. 100.82 lakhs. The increase in the net cash generation has been from Rs 147.89 to Rs. 173.24 lakhs.

The Directors are pleased to recommend the payment of a dividend of 12% on the paid-up capital of the company as on 30.9.1970.

Expansion

The balancing equipment received and installed during the year has resulted in additional capacity which has contributed to the higher production during the year. Part of the machinery in respect of our substantial expansion has already been shipped. Efforts are being made to expedite the shipment of the remaining machinery so that the expansion of our capacity from 3,60,000 to 6,10,000 tyres and tubes can be completed in 1972.

Bicycle tyres

The production of Bicycle tyres has commenced from 1st March, 1971. The production will be gradually increased.

Industrial Products

Production of Brake Chamber Diaphragms has also been taken up from February 1971 and they are now undergoing field tests.

Supply meets demand

The tyre shortage felt by the market in November/December last year was the cumulative effect on go-slow and strike conditions in some of the tyre factories. The position has since changed to one of supply meeting demand, with the factories now fully in operation. With the concerted efforts of all tyre companies, effective steps have been taken to ensure fair distribution of tyres so that our products reach consumers at company's approved prices.

Exports

During the year under review, our exports have exceeded Rs. 58 lakhs. Our exports of tyres go to more than thirty countries and prominent among them is the U.S.A. where we are now exporting a wide range of tyres. It has only been through sustained efforts on our part since the inception of our factory that we have been able to obtain this level of export performance. We have taken export as a deep commitment to our country and we shall spare no effort in furtherance of this commitment.

I had emphasised in my last year's speech that it is of great importance to foresee problems in the field of exports. In this connection, I have to report a problem arising from the ban imposed by the Government on export of nylon tyres to U.A.R.

International tyre companies with whom we have to compete in the U.A.R. market have completely changed over from rayon to nylon and in many cases to polyester, fibreglass and steel cords in preference to nylon. In a situation such as this, supplies of rayon tyres will put us at a severe competitive disadvantage in the U.A.R. I am confident

that this will receive the Government's full consideration.

Research & development

Last year I touched on the necessity to continue technical collaboration agreements in view of the importance of getting technical know-how from the collaborators on a continuous basis. Owing to the vital importance of this subject, specially from the point of view of our export markets, I would like to once again emphasise that there is no effective alternative to the continuous technical know-how now received from the collaborators. In the applied research area of tyre technology, tyre units in India are making considerable progress. At the same time it is clear that it is advantageous for our country to receive on a continuous basis from advanced countries the benefits of original research done by them in tyre technology. The amount of expenditure involved in original research of tyre technology is colossal. That is why in a large country like the U.S.A. there are only about 10 independent tyre companies, as only economically-sized units can afford to incur such a large expenditure on research. As against this we already have 8 units in this country and with the addition of 12 new units we will have 20 tyre factories in India. Even granting that resources, men and expertise can be found in India for taking up such original research it will still be a highly uneconomic proposition, as the total production of tyres in India—representing only 2 per cent of the total U.S.A. production—is not large enough to warrant such expenditure. This is why even developed countries such as Japan, Italy, etc., are still depending on original research done in other countries like the U.S.A.

It is also a fallacy to presume that as a country develops, its technical fee payments should come down. This is amply demonstrated by the example of Japan whose royalty payments are increasing substantially every year. What is, therefore, necessary is a rational approach to the subject, keeping in mind the importance of our export markets where our position will be weakened if we do not keep pace with the latest technological development in tyres.

Prospects

The working of our company for the first five months has been quite satisfactory and if the same trend continues, our results for the current year will be better than that of the previous year.

Collaborators

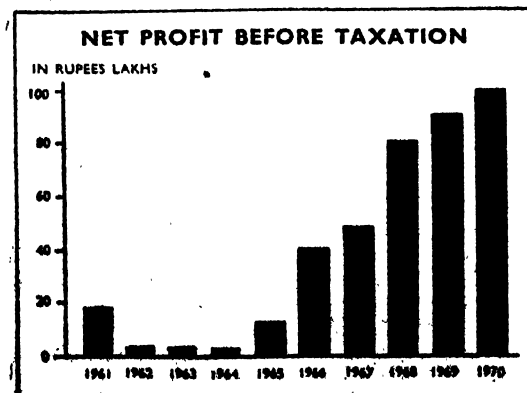
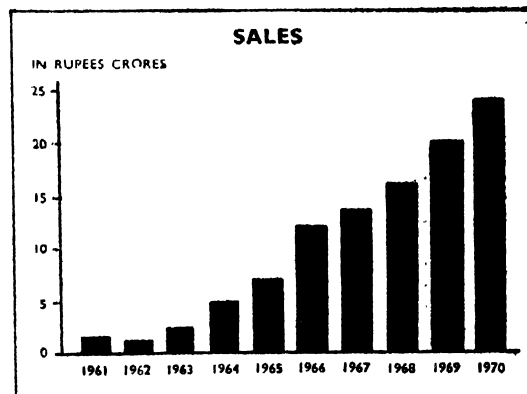
We are indebted to our technical collaborators The Mansfield Tyre & Rubber Co., Ohio, U.S.A., and their President Mr. James H. Hoffman for the technical help that they have continued to give us and for assisting us, without any reservations, to find export markets even in their own country.

Conclusion

With deep sorrow I have to report that Mr. C. Ramasubban, our Director nominated by I.F.C., passed away early this year. In him we had a counsellor of matured and varied experience.

This year will mark the 25th year of Madras Rubber Factory which started as a partnership concern. Starting as a toy balloon manufacturer, MRF has grown into what is today—a major tyre producer.

Today I remember with gratitude all our retreader friends, tyre dealers, consumers, bankers, financial institutions and suppliers for their close co-operation. I thank the workers, staff, management and my colleagues on the Board for their contribution to the development of your company.





THE STATE TRADING CORPORATION OF INDIA LTD

PROVISIONAL RESULTS — YEAR ENDED 31ST MARCH 1971

Statement by Chairman, Prakash Tandon

HIGHLIGHTS

	(Rs. Crores)		
	Last Year 1969-70 (Actual)	This Year 1970-71 (Provisional)	Next Year 1971-72 (Budget)
SALES			
Exports	55.10	70.00	90.00
Imports*	102.60	140.00	175.00
Domestic	5.40	5.00	5.80
Total	163.10	215.00	270.80

PROFIT

Gross Trading Profit including Commission and Other Receipts	16.75	16.54	13.71
Less Export Losses	1.78	5.50	1.69
Trading Profit	14.97	11.04	12.02
Less Total Costs	4.50	5.10	5.19
Profit Before Tax	10.47	5.94	6.83
Less Tax	7.55	3.50	4.10
Profit After Tax	2.92	2.44	2.73

SHAREHOLDERS FUNDS

Equity	5.00	7.00	7.00
Reserves	11.80	10.00	11.30
Total	16.80	17.00	18.30

WORKING CAPITAL

Stocks	17.90	20.00	20.00
Debtors	20.50	19.00	20.00

* Excludes Fertiliser imports of Rs. 47.5 crores transferred to M.M.T.C. with effect from 1-1-1970.

Not so long ago, we used to take the customary 6 months and more to complete our Annual Reports and Accounts; our new system now not only enables us to complete them in 2 months, but to quite accurately estimate our results on 1st April for the year ended 31st March. As part of our concept of Accountability we present them speedily to all concerned to be followed by our Annual Report and Accounts in due course.

Our Performance Budget for 1971-72 was released yesterday; and, relieved of the burdens of last year, our management can now concentrate upon its implementation starting today.

This new system of accounting, we divide into 3 functions:

- Maintenance Accounting
- Management Accounting
- Responsibility Accounting

It achieves:

- An Annual Performance Budget
- A Mid-year Review
- A Weekly Sales, Orders and Stock Statement
- A Monthly Review and Profit and Loss Account
- A Quarterly Review and Audited Profit and Loss and Balance Sheet
- The Annual Report and Accounts

1970-71 was a good year. Exports rose by 27%; imports by 37%.

In 1971-72, exports are expected to rise by 28% and imports by 25%. Exports now account for half of the value of our imports.

We had envisaged even in the previous year, in the Chairman's speech on the Annual Accounts, that due to pressures for reducing our prices and margins, there would be a reduction in profitability.

While gross trading profit including commission and other receipts at Rs. 16.54 crores was maintained at last year's level, our developmental export losses at Rs. 5.5 crores were above last year's Rs. 1.8 crores. Next year, however, we hope to cut them back to Rs. 1.7 crores, and aim at making exports near self-sustaining. However, we are taking a conservative view on next year's gross trading profit at Rs. 13.71 crores, though we hope to exceed it.

The Total Costs to Sales ratio has been progressively coming down. It was 2.8% last year, 2.4% this year and is budgeted at 1.9% next year. In money terms the Total Costs this year were Rs. 5.1 crores against Rs. 4.5 crores last year. The rise of Rs. 60 lakhs was accounted for largely by rise in wages, the new office accommodation for headquarters in Delhi, new foreign offices and higher insurance and interest charge. Next year the Total Costs including all overheads, warehousing, interest charge etc. will go up very little, to Rs. 5.2 crores; and we will pick up again the virtually stationary trend of costs in recent years; increases being taken care of by savings.

The following statement shows how the Divisions fared in their export effort:

EXPORTS

	(Rs. Crores)			
	1969-70	1970-71		1971-72
	Actual	Latest Estimates	As %age of 1969-70	Budget
Agricultural Products ..	10.98	14.00	127.50	10.50
Chemicals	3.66	6.00	163.93	9.00
Engineering	8.92	9.00	100.90	10.50
General Products	5.85	6.00	102.73	7.00
Leatherware	3.97	6.00	151.14	8.00
Railway Equipment	0.70	—	—	12.00
Textiles	21.07	29.00	137.59	33.00
Total	55.15	70.00	126.93	90.00

Agricultural Products and Textiles did particularly well, while General Products had to stage a recovery from the loss of its important component of human hair trade, hit by the new synthetic hair. Chemicals did very well and hope to be an important exporter. Leatherware showed a healthy rise from 1 million pairs of shoes last year to an estimated 1.5 million; hoping to show yet further expansion both in quantity and world coverage.

Railway Equipment Division did not manage to actually export anything during the year, but enough is in gestation to show results next year. Its search for new orders gathered momentum and a contract for 3,600 wagons, our largest ever, was won in Yugoslavia. Engineering Division's export pace slackened a little, but we hope to pick up in the coming year, particularly if steel availability improves.

IRMAC, the new Industrial Raw Materials Assistance Centre has got off the ground and expects a growing tempo.

Imported Cars Department continues to emphasise service to customers and profitability for the exchequer.

(Continued on page 627)

(Concluded from page 626)

Manpower was well maintained, and the only increases were in management, accounted for partly by some recruitment of specialist personnel from outside and partly by the many promotions from the staff within. We are constantly endeavouring through training at all levels to upgrade our staff and befit them for higher responsibilities and promotions.

Personnel Division is trying to evolve a progressive policy and a continual dialogue with the staff, with whom relations were generally good. The new head office at Chandra Lok was an attempt at providing modern and efficient working and business environment of an international standard but at Indian costs. Training continued its emphasis on management and staff development through in-company and outside courses, especially with the help of universities and management institutions. Coordination maintains a contact with our associates and our foreign operations. Consequently relations with industry and Trade and the service we render continue to improve.

Management Services Division now consists of economics, statistics, OR and market research, and is becoming the eyes and ears of our management, providing it with advice and information to help sharpen up decision-making.

Quality Control made its contribution to develop vendor-rating, an assay of the capability of our associates, and a quality consciousness in the Corporation and among its associates.

Finance Division's contribution was particularly special, and worth mentioning is the setting up of its new Credit, Funds Management and Contracts Services.

Our Cashew subsidiary got well off the ground and during the period from November 1970 to February 1971 imported over 41,000 tonnes of raw nuts. It expects to import another 30,000 tonnes during March, making a total of over 71,000 tonnes compared with 68,000 tonnes in the corresponding period last year.

Our subsidiary, Handicrafts and Handlooms Exports Corporation of India Ltd., also had a good year; exports increased by 50 per cent from Rs. 2.25 crores to Rs. 3.45 crores.

Working capital continued to be tightly controlled, and the ratios of stocks to sales and debtors to sales dropped from 11% to 9.3% and from 12.6% to 8.9% respectively. Next year, there would be a further reduction to 7.4% for each.

We continue to give our increased dividend of 20% (previously 10%) on the equity capital of Rs. 7 crores (previously Rs. 2 crores) enlarged through three successive bonus issues. The total dividend was therefore Rs. 1.4 crores per annum (previously Rs. 20 lakhs); what is more, it is now paid quarterly to our shareholders (previously annually).

While happy with the improvements that we have been able to induce in the Corporation's working, we are only too aware of our shortcomings and the long way we have yet to go to reach the best standards of world trade organisations operating under highly competitive conditions.



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STATE BANK CHAIRMAN'S SPEECH

IMPORTANCE OF GUIDELINES FOR CREDIT FLOW

R. K. TALWAR ON DILEMMA FACING BANKS

Shri R. K. Talwar, Chairman of the State Bank of India, has highlighted the need for credit planning and clear guidelines to the banking system as regards the appropriate priorities in lending.

In his speech at the Sixteenth Annual General Meeting of the shareholders held in Bombay on Friday, the 26th March 1971, he said:

Let me extend a warm welcome to you all to the sixteenth annual general meeting of the State Bank of India. The annual report, including the balance sheet as on the 31st December 1970 and the profit and loss account for 1970, is already in your hands. As you will have observed, during the year the Bank's profit has somewhat dipped inspite of a substantial increase in the volume of business handled. I cannot pretend I am not concerned over it, though I am certainly not perturbed. The lower profit is due mainly to the increased operational costs during the year. We hope our working will show better results in the current year. I believe that even while reorienting their operations for subserving the social good, or rather for that very purpose, the commercial banks, whether in the private or public sector, must continue to make increasing profits year after year and thus strengthen themselves and the country's economy.

Credit Expansion

I would like to take this opportunity to share with you some thoughts on the large credit expansion witnessed over the last three years in the banking system. An indisputable fact is that this large credit expansion has been brought about mainly in pursuit of a deliberate public policy. It was on the assurance of liberal support from the central banking authority that the commercial banks were able to extend credit in these years on a significant scale to agriculture, small-scale industry and small businesses. This was entirely in accord with the aspirations of the weaker sections of the community, which were attached greater importance than ever before. A major portion of the credit expansion should be attributed to the reorientation of bank lending operations in the wake of this welcome change.

Another area in which credit expansion has taken place over the last few years with the full support of the Reserve Bank of India, or because of it, relates to the food procurement operations—and, to an extent, also the fertiliser distribution operations—of the State governments and their agencies and the Food Corporation of India. Whether the financing of these operations should have been its legitimate concern or not, the banking system was in a position to undertake this activity

mainly due to the refinancing support available from the Reserve Bank of India. There was also an unprecedented demand for credit from the sugar industry. Production in this industry reached record levels for two successive years, and the prospect seems the same for the third year also. Due to several factors, over which the industry has no control, the offtake of sugar is very slow and the banks are obliged to provide finance to enable the industry to carry the large stocks.

Banks' Predicament

It is in this context that we should view the recent monetary restraints, and particularly the stringent net liquidity requirements designed to discourage commercial banks' borrowings from the Reserve Bank. It should go without saying that I am entirely at one with the objective of monetary policy, namely to contain inflationary pressures, on the need for which there can be no two opinions. I do not propose to make an extensive excursion into the realm of economics, nor to participate in the controversy over the efficacy of the monetary weapon. Wherever the real roots of inflation may lie, once the inflationary trends set in, no central banking authority can remain a silent spectator without taking such steps as lie within its powers. Yet, I feel, I must draw attention to the predicament in which commercial banks find themselves today. This arises mainly from the modification of refinance facilities, substantially on the basis of which the credit expansion had taken place.

The principle that banks should lend and invest no more than what they possess by way of deposits, and use the Reserve Bank of India only as a lender of the last resort, is indeed unexceptionable. However, a relevant point here is that liberal refinance was made available to the banks with the express purpose of ensuring that the new shift in the lending policy should not come in the way of the medium and large-scale industries obtaining finance for their legitimate production needs. This support from the Reserve Bank enabled the banks to go all out in extending credit in pursuance of public policy and simultaneously continue to meet other legitimate credit demands. With the curtailment of refinance facilities in the context of inflationary trends, the banks will find

it difficult to meet the aggregate demands for credit from their own resources immediately. The squeeze must be felt somewhere and this is where the banks find themselves in a fix.

Credit Planning Needed

Their dilemma is that large and medium-scale industries cannot be denied assistance without detriment to industrial production, and the weaker sections of the community cannot be denied assistance without a serious set-back in public policy. Surely the decision cannot be left to the discretion of each individual bank and the situation calls for credit planning and clear guidelines to the banking system as regards the appropriate priorities in lending. I do not suggest there has been no credit planning as such so far; but this planning has merely been directional in nature without bringing within its compass the quantitative allocation of the total flow of credit. What I have in mind is an assessment of the optimum expansion in bank credit that is permissible, and its apportionment among various sectors and sub-sectors of the economy so as to accord with the Plan priorities. With the awareness of the limited resources, I hope that such credit planning will receive the urgent attention that it deserves.

Deposit Rates

Varying views have been expressed in regard to the pattern of interest rates on the deposits in the country. One view is that for an accelerated growth in deposits there should be a substantial increase in these rates. I doubt very much whether deposits, at least in this country, can be considered interest elastic, but this is no reason why the bank depositor should be given a raw deal. Recently there was an increase in the Bank Rate from 5 to 6 per cent. The effect of an increase in the Bank Rate is a rise in the interest rate structure both for deposits and advances. In our country, however, the effect has become lop-sided, in that while there has been an all-round increase in the lending rates, the deposit rates have not correspondingly moved up. Whatever may be the objective of increasing the lending rates, the proportionate benefit ought to be passed on to the bank depositor, who should get what is legitimately his due.

Financial Institutions

In this context, I would also like to draw attention to the invidious distinction in the matter of interest rates as between individual depositors and some large financial institutions; it is indeed ironical that the individual depositors should be clearly at a disadvantage vis-a-vis such institutions. In the case of a bank depositor, the shorter the period of the deposit, the lower his return by way of interest. A financial institution like the Life Insurance Corporation of India or the Unit Trust of India, on the other hand, may operate in

the inter-bank call money market and command a high return—as disproportionately high as 11 to 12 per cent—on its day-to-day lendings. When these financial institutions were permitted to operate in the inter-bank call money market, even though they are not banks, their entry was justified on the ground that this would improve the liquidity of the banking system. I am not sure that this hope has been fulfilled, since the funds offered in the call money market are mostly the funds which would in any case lie with the banking system and earn interest at the rates applicable to the public. The only result seems to have been a diversion of funds from low-yielding fixed and short-term deposits to high-yielding call deposits, with a consequent rise in the cost to the banking system. The position is more or less the same in the case of the co-operative banks. Some of these banks, taking advantage of their exemption from the deposit rate directives of the Reserve Bank of India, have succeeded in extracting a stiff price from the banking system for their deposits. I urge that not only on considerations of fairness but also of wider issues of investment, individuals and institutions should be put on an equal footing in the matter of return on surplus funds.

Consolidating Gains

As stated earlier, commercial banks have lent to priority sectors and particularly to agriculture at a fairly fast rate. The pace of their branch expansion programme has also been very fast. Severe strains have, therefore, developed on the organisational and trained man-power resources of the banking system as a whole. The understanding as regards the concept of lending to the priority sectors has not been uniformly clear at all levels and the stipulated criteria in regard to assessment of applications have not been strictly adhered to. Measures will have to be taken to consolidate the gains in respect of advances to the priority sectors as well as opening of new branches. The pace of progress in these two spheres must be related to the growth in qualitative and quantitative terms of the organisational infra-structure and vice versa. For this purpose, it will be necessary for the commercial banks to realign their organisational patterns so that they may regain their poise and proceed with renewed confidence and vigour.

Agricultural Finance

Of the priority sectors, agriculture poses very hard problems. The credit needs of this sector in the next three or four years seem to be as high as Rs 4,000 crores. Meeting these needs is an enormous task. Having regard to the resources available, the role of the commercial banks in this field can only be supplementary, at any rate in the immediate future; the responsibility must continue to rest mainly with the co-operatives. It will be imperative for commercial banks to ensure that the credit that has already been extended, or is being extended, is put to the most effective use. This presupposes the creation and strengthening of a machinery which can properly evaluate the proposals at the initial stage and effectively supervise afterwards the utilisation of credit at

different stages.

It will be difficult to create such a machinery at every office of the Bank. The Bank's strategy will, therefore, be to move away from scattered lending and shift the emphasis towards intensification of the area approach. Efforts will be directed towards formulation of a programme of banking propositions in respect of a definable area consisting progressively of a village, a cluster of villages, a taluka or a few talukas, leading to integrated and harmonious development covering the various facets of the agricultural economy of that area. We believe that only through a concentrated effort in selected areas could the scarce resources of the banking system be put to the optimum use. To this end we propose to select throughout the country about 150 centres, in course of time, where we shall strengthen our offices so as to be able to take both the initial and follow-up action in dealing with the loan applications. In selecting these centres, we will be guided by consultations with the State authorities, and have a bias in favour of areas with a preponderance of small farmers, particularly where Small Farmers' Development Agencies are being set up and in districts where we have assumed the lead role. Elsewhere our efforts will, subject, of course, to adequacy of resources, be confined to the financing of only those farmers who come to the Bank on their own and have their land situated not more than ten miles from the nearest office. Here again the Bank's efforts will be to avoid scattered lendings, financing being restricted to a village or a cluster of villages.

Organisational Structure

Last year I referred to the inadequacy of the Bank's organisational structure to meet the problems of control posed by the growing number of the Bank's offices and our desire to have the entire matter studied by a team of management consultants. The services of the Indian Institute of Management, Ahmedabad, were engaged for this purpose and the study has now been completed.

The consultants have suggested a plan of reorganisation to meet the problems caused by the rapid growth and the change in the nature of business of the Bank during the last few years. Broadly, it has been suggested that the work at the larger branches should be organised on the basis of customer-groups to assist in focussing attention on the needs of different types of customers. Handling of the complete range of banking needs of a customer in one department would improve the quality of service which customers expect from the Bank. It has also been suggested that decision-making should be further decentralised not only to expedite the customer's work but also to create a climate for managerial development in the supervisory cadres.

The consultants have recommended that a system of annual performance-budgeting in regard to deposits, costs and profits should be introduced at each office to enable systematic development of business in each market segment in consonance with the Bank's policies. It has been suggested that management control based on such a scheme of annual planning

would provide scope for timely remedial action, at the same time enabling the operating staff to know what is expected of them. Detailed suggestions have also been made to bring about certain far-reaching changes at the Local Head Offices and Central Office with specific responsibilities in relation to the management needs of the various aspects of the Bank's business. These recommendations are now being examined.

Staff Relations

It is customary at such annual meetings for chairmen to thank members of the staff for their co-operation during the year. We are fortunate in having been endowed with dedicated employees at all levels, who keep their institution going and prospering. They are our mainstay. I must offer my sincere thanks for their co-operation. We successfully concluded negotiations for major wage settlements both with officers and the junior staff during the year. These settlements have been reached on the basis of major benefits to the staff. It will now be the responsibility of the management and the unions alike to ensure that the return to the organisation in terms of higher efficiency and of assumption of greater responsibilities by the staff would be commensurate with these benefits resulting in greater customer satisfaction.

If I may turn to the banking industry as a whole, the picture of staff relations is none too encouraging. The industry is up against the bewildering variety and multiplicity of disputes. The conduct of negotiations is bedevilled by intra-union and inter-union pressures. The ultimate sufferer is the customer, who is the reason for the very existence of the banks. Indeed, the irony is that the greater the suffering of the customer, the greater the pressure on the managements to settle. They become helpless participants in deals where not reason but power to dictate terms becomes the sole arbiter; and the settlements while apparently solving one dispute seem to be sowing the seeds of another dispute in another wing of the same institution or in another institution. We never seem to reach the end of the road. I can only voice the hope that it will be possible before long to evolve a more suitable machinery for the settlement of disputes so that the atmosphere may become less and less vitiated in course of time and greater harmony may prevail between managements and unions. Only then will the customer receive more courteous, speedier and cheaper service, to which he is entitled.

I wish to place on record our sense of high appreciation of the valuable services rendered by Shri K. T. Desai who relinquished his office as Vice-Chairman after the completion of his term of appointment on the 7th June 1970. I also thank the Members of the Local Boards and the Directors on the Central Board who ceased to be on these Boards during 1970 for their able guidance and direction.

BALANCE SHEETS

RISE IN PRODUCTION

Mahindra and Mahindra earns more

WITH higher sales for the year ended October 31, 1970 at Rs 31.1 crores against Rs 28.5 crores in the previous year, the gross profit of Mahindra and Mahindra Ltd (Chairman: Mr Keshub Mahindra, Bombay) increased to Rs 123 lakhs from Rs 108 lakhs. The net profit, after depreciation and taxation, amounted to Rs 56 lakhs (Rs 41 lakhs). The ordinary dividend has been maintained at 11 per cent.

The company's gross profit margin works out to 4 per cent against 3.8 per cent. The ratio of net profit to net worth comes to 9.7 per cent (7.3 per cent).

In the automotive division, sales of jeep vehicles in the year under review were 10,008 units (9,303 units). A total of 10,168 vehicles (9,205 vehicles) were produced. The company concluded four contracts during the year for the export of a total of 3,304 jeeps together with a corresponding supply of spare parts. These were mainly for Yugoslavia and Indonesia; so far 1,050 vehicles and spares have already been shipped. In addition, 947 vehicles and spare parts were exported to Ceylon, Nigeria, Singapore, Philippines, Indonesia and Yugoslavia against orders booked in the previous year.

In the steel division, nearly 60,000 tons of rails valued at Rs 4.16 crores were exported during the year. In addition, over

import shipments to the tune of 1.13 lakh tons. Nearly 29,000 tons remain to be shipped in the current year against orders booked in the previous year. Sales of alloy and special steel totalled 24,177 tons.

The working of the instrumentation division showed a satisfactory improvement over its previous year's performance, with the intake of orders at Rs 110 lakhs (Rs 97 lakhs) and invoicing at Rs 86 lakhs (Rs 69 lakhs). A miniature pneumatic transmitter is now under production and the first few units are being sent to potential users for evaluation. The pyrometric equipment produced by the division is now accepted as standard equipment and efforts are being made to increase its production.

The electronics division has acquired a six-acre plot of land at Nasik in Maharashtra for setting up its manufacturing operations in respect of professional grade electronic components. The Bombay unit of this division is proceeding with the manufacture and assembly of military equipment, for which orders are in hand.

The two helicopters and two fixed-wing aircraft acquired by the agro-aviation division commenced aerial spraying operations towards the middle of the year under review and covered over a lakh of acres in various States. Further, one lakh of acres have been sprayed since November 1970.

During the year under review, manufacturing activities of the company were at a much higher level than in the previous year. The demand for all products produced and serviced by the company continued to rise at a healthy rate calling for expansion and rationalisation of manufacturing facilities. To undertake this expansion different avenues to augment financial resources are being explored and the proposed merger with the Union Bank of India Ltd is the first step in this direction.

Mahindra Owen Ltd, a subsidiary, undertook development of several new products such as the 45 kilo litre oil tanker, heavy trailers of the range of 70 to 100 tons and the recovery gear during the previous year which is expected to yield dividends from the current year onwards. Mahindra Sintered Products Ltd is comfortably placed in respect of orders in hand and expects further improvement in the current year. Owing to the sudden slump in the diesel engine market, Indian National Diesel Engine Co Ltd was left holding large stocks of finished engines and the manufacturing programme of both air and water cooled engines had to be stopped during the year, resulting in increased losses. With the market now showing signs of revival, the company has resumed production and improvement in turnover is expected in the current year. The "M-seal" cable jointing kits, "M-seal" epoxy

base compounds and dobesive epoxy adhesive of Mahindra Electro-Chemical Products Ltd are now established in the Indian market. □

State Bank of Hyderabad

INTEREST and discount earned by State Bank of Hyderabad (General Manager: Mr S. K. Datta, Hyderabad) for the year ended December 31, 1970 have increased to Rs 4.7 crores from Rs 4.1 crores in the previous year. The net profit amounted to Rs 10.52 lakhs (Rs 24.30 lakhs). The dividend was maintained at 6 per cent. Deposits of the bank increased to Rs 64.8 crores from Rs 58.5 crores. Advances declined to Rs 50 crores from Rs 52.4 crores. Investments were higher at Rs 17.9 crores (Rs 15.4 crores). The ratio of advances to deposits declined to 77.1 per cent from 89.5 per cent. The ratio of investments to deposits was higher at 27.6 per cent (26.4 per cent) and that of cash to deposits was lower at 8 per cent (8.9 per cent).

During the year under review, direct finance to agriculture went up to Rs 4.79 crores (46.48 per cent) by way of limits

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Interest and discount earned	472.83	411.02	320.26	292.44
Commission, exchange and brokerage	92.11	83.28	73.50	67.40
Other income	24.33	12.03	20.40	10.45
Interest paid	220.30	210.20	168.91	161.91
Other expenses	349.21	263.75	224.71	191.00
Depreciation	0.24	8.08	6.53	5.46
Net profit	10.52	24.30	20.10	20.82
To reserves	2.11	4.87	4.02	4.10
Other funds	5.40	5.40	4.75	4.75
Bonus to staff	11.00	8.00	8.40	8.40
Dividend	3.00	3.00	3.00	3.00
	(0%)	(6%)	(6%)	(6%)
Carry forward	0.08	0.08	0.05	0.12

As on 31st December

	1970	1969	1968	1967
Capital	50.00	50.00	50.00	50.00
Reserves	63.18	61.07	56.20	52.18
Deposits	6477.23	5849.38	5403.25	5007.18
Advances	4998.06	5236.17	5807.84	5808.51
Investments	1768.26	1544.71	1483.56	1441.22
Cash	516.62	520.41	992.30	682.84
Balance-sheet total	8120.71	8003.51	8823.79	8861.00
Ratio to deposits of:	%	%	%	%
Advances	77.1	89.5	70.5	86.2
Investments	27.6	26.4	27.5	28.4
Cash	8.0	8.9	17.8	13.5

and to Rs 4.19 crores (50.18 per cent) in terms of outstandings. The number of accounts increased by 3,613 to 12,351. The bank has introduced "small dairy loans scheme" at five centres to finance the farmers for the purchase of milch cattle. At the end of 1970, over 30 per cent of the farmers assisted by the bank under direct finance schemes have land holdings of less than five acres and the proportion of farmer borrowers having advances less than Rs 5,000 was about 80 per cent. In indirect finance to agriculture the amount outstanding as at the end of the year was Rs 73 lakhs.

In the year under review, the enhancement in the provision of credit to small-scale industries amounted to Rs 1.28

(In lakhs of rupees)

	For the year ended 31st October			
	1970	1969	1968	1967
Total earnings	3312.07	2908.06	2439.03	2142.01
Sales including excise duty	3110.21	2853.07	2340.91	2068.08
Other income	135.57	92.54	113.91	69.11
Stock adjustment (of finished goods)	+ 66.20	- 87.65	- 15.10	- 24.18
Opening	120.64	158.10	173.38	197.51
Closing	178.03	120.64	158.10	173.38
Total expenses	3184.75	2960.20	2368.26	2024.92
Materials and stores	2168.86	1801.04	1535.82	1282.49
Salaries and wages	433.09	340.85	309.69	273.55
Excise duty	181.55	195.07	171.77	167.88
Other expenses	405.24	303.23	353.08	304.97
Gross profit	123.32	107.07	70.77	113.09
Depreciation	36.09	25.51	24.27	22.59
Profit before tax	86.33	82.16	46.50	90.50
Taxation	30.50	41.00	20.50	46.00
Profit after tax	55.83	41.16	26.00	44.50
Write-backs	0.00	11.50	20.65	
Development rebate	13.42	4.98	1.09	8.10
Other reserves	4.00	8.50	9.50	5.00
Dividends:				
Preference	4.00	4.48	4.48	4.48
Ordinary	34.85	34.85	31.08	31.08
	(11%)	(11%)	(10%)	(10%)
Carry forward	0.13	0.03	0.17	0.28
Market prices of ordinary shares (in rupees):				
High	19.12	19.85	13.24	17.86
Low	14.76	11.48	9.40	8.76

8,700 tons of steel valued at Rs 83 lakhs were exported against orders placed directly on the company. The steel division also obtained a considerable share of the steel import business. Despite the scarcity of steel all over the world during the first half of the year, the company could arrange

crores in terms of limits sanctioned and Rs 99 lakhs in terms of outstanding advances. The increase in the number of units assisted was 1,321. The total number of persons covered under small business finance (doctors, surgeons, dentists, operators of trucks, taxis, etc) was 2,423 (1,178) with Rs 78 lakhs granted at the end of the year as against Rs 57 lakhs in the previous year.

The total advances for exports granted by the bank increased slightly from Rs 2.66 crores at the end of 1969 to Rs 2.69 crores at the end of 1970. These covered both pre-shipment credit and post-shipment credit. During the year under review, 47 branches were opened raising the total to 230 including one sub-office at the close of the year.

State Bank of Travancore

INTEREST and discount earned by State Bank of Travancore (General Manager: Mr S. D. Varma, Trivandrum) for the year ended December 31, 1970 have increased to Rs 3.9 crores from Rs 3.2 crores in the previous year. The net profit was Rs 8.10 lakhs (Rs 5.67 lakhs). The dividend has been maintained at 6 per cent. The allocation to the reserve fund was Rs 1.62 lakhs (Rs 1.14 lakhs). Deposits of the bank increased to Rs 56.8 crores from Rs 50.6 crores. Advances rose to Rs 45.6 crores from Rs 44.7 crores. Investments were higher at Rs 14.8 crores (Rs 12.3 crores). The ratio of investments to deposits increased to 26.1 per cent from 24.3 per cent. The ratio of advances to deposits declined to 80.2 per cent from 88.3 per cent.

The bank's financial assistance to priority sectors such as agriculture, small-scale industries, small business and exports re-

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Interest and discount earned ..	390.65	317.13	289.24	246.38
Commission and exchange ..	59.67	48.59	45.21	45.02
Other income ..	8.43	5.91	15.18	21.57
Interest paid ..	207.97	190.37	175.14	160.03
Expenses ..	286.70	170.87	156.48	135.69
Depreciation ..	5.08	4.75	3.72	3.14
Profit ..	8.10	5.67	14.29	14.61
To reserve fund ..	1.02	1.14	2.86	2.95
To staff welfare fund ..	0.25	0.25	0.25	0.25
Bonus to staff ..	0.00	0.00	5.25	5.25
Dividend ..	6.00	6.00	6.00	6.00
Carry forward ..	0.23	0.01	0.02	0.06

	As on 31st December			
	1970	1969	1968	1967
Paid-up capital ..	100.00	100.00	100.00	100.00
Reserves ..	53.99	52.37	51.23	48.87
Deposits ..	5678.86	5081.09	4526.21	4038.74
Borrowings from banks ..	801.26	955.28		
Advances ..	4556.38	4471.34	2320.00	2245.56
Investments ..	1435.05	1220.80	1181.18	1185.54
Cash ..	691.43	691.43	1253.47	504.98
Balance-sheet total ..	7655.89	7205.78	5442.08	4653.24

	%	%	%	%
Ratio to deposits of:				
Advances ..	80.2	86.3	51.8	55.0
Investments ..	26.1	24.3	25.7	28.9
Cash ..	11.6	11.7	27.7	14.0

corded a rise of 29 per cent in the year under review. The bank's advances to small business recorded an increase of Rs 83 lakhs (82 per cent) in terms of limits and the outstandings rose from Rs 30 lakhs to Rs 115 lakhs (283 per cent). The bank's direct finance to agriculture and allied activities increased in terms of limits by Rs 44 lakhs to Rs 299 lakhs, number of farmers by 1,205 to 5,180 and utilisation by Rs 95 lakhs to Rs 223 lakhs during the year ended

December 31, 1970. The aggregate limits sanctioned to small-scale industries increased by Rs 354 lakhs to Rs 1,032 lakhs (52 per cent), the number of units assisted by 771 to 1,632 and the outstandings by Rs 158 lakhs to Rs 476 lakhs (50 per cent).

The outstandings under credit for exports granted by the bank increased from Rs 67 lakhs at the end of 1969 to Rs 98 lakhs at the end of 1970. These covered both pre-shipment credit and post-shipment credit. During the year 29 branches were opened by the bank raising the total number of offices to 182.

State Bank of Bikaner and Jaipur

INTEREST and discount earned by State Bank of Bikaner and Jaipur (General Manager: Mr C. P. Saigal, Jaipur) for the year ended December 31, 1970 have slightly increased to Rs 5 crores from Rs 4.4 crores in the previous year. The net profit was Rs 7.48 lakhs (Rs 17.92 lakhs). The dividend was maintained at 7 per cent.

Deposits of the bank expanded to Rs 68.3 crores from Rs 61.8 crores. Advances declined to Rs 52.5 crores from Rs 57.8 crores. Investments were higher at Rs 17.9 crores (Rs 15.5 crores). The ratio of advances to deposits declined to 77 per cent from 93.5 per cent. The ratio of investments to deposits increased to 26.2 per cent from 25 per cent. The ratio of cash to deposits was higher at 11.5 per cent (8.6 per cent).

During the year under review, advances to small-scale industries increased by Rs 2.39 crores (44 per cent), to agriculture by Rs 2.27 crores (107 per cent) and to small business by Rs 0.50 crore (65 per cent). The bank's advances to agriculture, in terms of limits, increased from Rs 3.82 crores at the end of 1969 to Rs 7.21 crores at the end of 1970, a rise of 89 per cent. Outstandings rose from Rs 2.12 crores to Rs 4.39 crores, a rise of 107 per cent during the same period. The number of accounts increased from 5,130 to 13,388, the number of farmers assisted through these accounts having increased from 7,450 to 20,012. Under the "Village Adoption" scheme, the bank has adopted 105 villages so far. The bank has also been making experiments in the financing of farmers in dry farming areas. In 12 dry farming districts in Rajasthan, the bank has financed 3,849 farmers to the extent of Rs 135.92 lakhs in terms of limits, the outstandings being Rs 95.01 lakhs as at the end of 1970.

Limits sanctioned to small-scale industries, increased by Rs 2.45 crores to Rs 14.65 crores, outstandings by Rs 2.38 crores to Rs 7.87 crores and the total number of units assisted by 3,384 to 6,229.

The total advances for exports granted by the bank aggregated Rs 3 crores at the end of 1970. These covered medium-term export credit, pre-shipment credit and post-shipment credit.

During the year under review 16 branches were opened under the expansion programme and 14 branches outside the programme (including a single one-man office) thus bringing the total number of offices of the bank as at the close of the year to 271.

Mysore Sugar

Sales of sugar, spirit and acid of the Mysore Sugar Co Ltd, Bangalore, for the

In the market

Bombay Suburban Electric Supply

BOMBAY Suburban Electric Supply Ltd (Registered Office: 5 Graham Road, Ballard Estate, Bombay) is offering for public subscription one lakh 8 per cent E class debentures of Rs 100 each at par to the total value of Rs 1 crore. The entire issue has been underwritten.

The subscription list which opened on April 2 will close on April 26 or earlier at the discretion of the directors but not before April 7. The entire amount of Rs 100 per debenture is payable in full on application.

The company is engaged in the distribution of electricity to consumers within its licensed area of supply, which comprises portions of the island of Salsette in the south taluka of Bombay suburban district and North Salsette taluka of Thana district, the overall area is nearly 363 sq. km. The electricity distributed to consumers is purchased in bulk from the Tata Hydro Electric system.

The proceeds of the present issue will be utilised for financing capital expenditure on development of power distribution facilities within the licensed area of supply of the company.

year ended June 30, 1970 amounted to Rs 5.88 crores against Rs 5.67 crores in the previous year. The net profit, after providing Rs 34.36 lakhs (Rs 38.03 lakhs) for depreciation, amounted to Rs 30.13 lakhs (Rs 65.19 lakhs). Despite the very difficult conditions under which the sugar industry had to function when most of the factories have been obliged to work under loss, Mysore Sugar was able to report a sizable profit, large enough to enable it to maintain the dividend at 20 per cent. An amount of Rs 1.58 lakhs (Rs 38.77 lakhs) has been set aside for the development rebate reserve. The general reserve got Rs 19 lakhs (Rs 15.83 lakhs).

Champan Sugar

Sales of sugar and molasses of Champan Sugar Co Ltd, Kanpur, for the year ended June 30, 1970 have increased to Rs 3.39 crores from Rs 2.68 crores in the previous year. After providing Rs 9.14 lakhs (Rs 6.58 lakhs) for depreciation and nil (Rs 4.75 lakhs) for taxation, the company has suffered a loss of Rs 14.62 lakhs (profit of Rs 2.58 lakhs). During the year under review total cane crushed was 27.11 lakh quintals (21.89 lakh quintals). Total sugar manufactured was 2.43 lakh quintals (2.10 lakh quintals). In the wake of a bumper crop of sugarcane and all-time highest production of more than 42 lakh tonnes of sugar in the country, there was considerable rise in the production of this company also. The recoveries have been lower due to pests and diseases.

G. Claridge

Sales of G. Claridge and Co Ltd, Bombay, for the year ended December 31, 1970 have increased to Rs 81.13 lakhs from Rs 71.84 lakhs in the previous year. The net profit, after providing Rs 4.16 lakhs (Rs 4.75 lakhs) for depreciation, amounted to Rs 18,699 (loss of Rs 2.84 lakhs). The

dividend for the year was 5 per cent (nil). In spite of keen competition prevailing in the printing industry and some unforeseen circumstances, the results of the printing division of the company was quite satisfactory. The company's paper pulp packaging plant at Poona, exported a sizable quantity of its egg trays and filler flats, although at very low prices. In the latter half of the year, the company was able to increase its production and sales. With renewed efforts, it could import a fluorescent tube light die, which has since been installed. The total cost incurred on this die was Rs 1.28 lakhs.

Vulcan-Laval

The total sales turnover of Vulcan-Laval Ltd, Bombay, for the year ended December 31, 1970, have increased to Rs 3.25 crores from Rs 2.76 crores in the previous year. Gross profit improved to Rs 34.46 lakhs from Rs 23.62 lakhs. Depreciation claimed Rs 12.64 lakhs (Rs 8.34 lakhs). After necessary adjustments, the net profit amounted to Rs 17.51

lakhs (Rs 11.30 lakhs). The company is paying a maiden dividend of 6 per cent for the year. Spray dryers of anhydro design invoiced in 1970 has contributed to the improved results for the year under review. The company intends to diversify its activities further by undertaking manufacture of cigarillo machines in technical collaboration with Arencos AB., a Swedish firm, subject to the approval of the Government. Production of packaging machinery for food and other consumer industries in technical collaboration with the same Swedish firm is also being contemplated. As on February 28, 1971 the company has on hand orders worth Rs 2.17 crores and expects an increase of 10 per cent in the turnover during the current year.

Uttar Pradesh Hotels

The total turnover of Uttar Pradesh Hotels and Restaurants Ltd, Varanasi, for the year ended September 30, 1970 was Rs 50.20 lakhs against Rs 38.08 lakhs in the previous year. The net profit, after provid-

ing Rs 4.05 lakhs (Rs 3.83 lakhs) for depreciation and Rs 4.15 lakhs (Nil) for taxation, amounted to Rs 9.51 lakhs (Rs 7.93 lakhs). The ordinary dividend was stepped up to 10 per cent from 7 per cent. The development rebate reserve claimed Rs 69,000 (Rs 2.56 lakhs). The general reserve got Rs 7.70 lakhs (Rs 2.80 lakhs). The progress of Hotel Clarks Avadh at Lucknow is well maintained and it is expected that before the end of the next financial year the hotel will start operating. The construction of the Jaipur Hotel Clarks Amer will start from early May and it will be completed by March 1972. The total outlay on these two projects is estimated at Rs 2 crores, which will be financed by borrowing Rs 1.35 crores from Hotel Loan Development Board and banking sources. The balance amount of Rs 65 lakhs will be met out of the new issue 1970 of share capital of Rs 42.50 lakhs made in December, internal resources of Rs 7.50 lakhs and rental advance of Rs 15 lakhs. The new issue of share capital of Rs 42.50 lakhs was oversubscribed by the public. Loans totalling Rs 1.20 crores from Hotel Loan Development Board have been sanctioned.

New Commercial Mills

Sales of the New Commercial Mills Co Ltd, Ahmedabad, for the year ended March 31, 1970 have more than doubled to Rs 3.41 crores from Rs 1.63 crores in the previous year. The company has earned a profit of Rs 23.84 lakhs against a loss of Rs 86.99 lakhs in the previous year. The dividends for the year have been skipped. The development rebate reserve claimed Rs 4.24 lakhs (nil). No provision has, however, been made for the depreciation in the current year. There are still arrears of depreciation for the years 1967-68, 1968-69 and 1969-70 amounting to Rs 35.37 lakhs. A scheme of compromise and/or arrangement between the company and its creditors and members was sanctioned by the High Court of Gujarat on May 2, 1969. As per the scheme, the capital of the company, both preference and ordinary, was reduced.

Preliminaries

Nocil

The performance of the National Organic Chemical Industries Ltd, Bombay, for the year ended December 31, 1970 was highly encouraging. The company's sales have jumped to Rs 23.52 crores from Rs 15.95 crores in the previous year. After providing Rs 3.33 crores (Rs 3.30 crores) for depreciation and transferring Rs 3.78 lakhs (Rs 82.08 lakhs) to capital expenditure, the company has earned a profit of Rs 1.91 crores against a loss of Rs 1.33 crores in the previous year. After deducting this profit from the previous year's accumulated loss, the net loss carried forward is Rs 2.81 crores. In the year under review, manufacturing costs have been affected unfavourably due to rise in prices of naphtha, drums and a higher duty on fuel. In the first quarter of 1970, production was restricted as a result of the scheduled biennial shutdown of all plants for a period of four weeks and for a further period due to mechanical problems encountered in March 1970. Subsequently, production has improved and all plants have been operating satisfactorily.

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EQUITIES

Wait-and-see tendency

BOMBAY, March 31

FIRST reactions to the interim Budget were generally favourable, for the market thought that an anticipated deficit of Rs 240 crores was not large enough to warrant heavy taxation but the support tapered off as the Finance Minister began to suggest that the country had better prepare itself for a stiff dose. Developments in East Pakistan also acted as a deterrent; revolution across the borders is scarcely conducive to a good market. Selling, however, was not heavy. Operators preferred to await definite hints about the measure of taxation and whether it was going to hurt industry and capital formation. They will support the market if the corporate sector is spared additional burden.

Textiles were in a rather bad way particularly after Mr Neville Wadia warned that current year's performance of the industry may not be as good as 1970. The leaders—Century, Standard and Kohinoor—were marked down. Bombay Dyeing was quiet. Selling in Standard, despite a higher dividend, was apparently due to receding hopes of a bonus issue. Century Enka, among rayons, was also subdued. At the end of the week, Century was mentioned at Rs 849 against Rs 854, Standard at Rs 655 against Rs 688 and Kohinoor at Rs 245 against Rs 251.

A notable counter was United Commercial in the banks section which came in for wide fluctuations on contradictory assessments of the usefulness of its reported merger with Aul. Against its last week's quotation of Rs 96, the scrip was bid up to its week's high of Rs 110 and was quoted at Rs 100 at the end. Scindia among shippings attracted some support on talk that it would make a bid to acquire Jayanti Shipping. The quotation at the end of the week was Rs 21.60.

Engineerings were generally well held under the lead of Telco particularly after its merger scheme with Central Bank was upheld by the High Court. Voltas held its ground. Others were dull but generally steady to quiet. Bayer and Herdellia were also in demand, on ideas that both were well on their way to an impressive show. Price movements in Synthetics and Chemicals were wide on alternating reports about the dividend which is due to be announced any moment. Indian Dyestuff and Tata Chemicals were quietly steady.

Steels were dull but quietly steady. Miscellaneous issues were bought and sold on individual merits. Motors attracted scattered support.

THE WEEK'S PRICE RANGE

	Closing quotations 24-3-1971	High	Low	Closing quotations 31-3-1971		Closing quotations 24-3-1971	High	Low	Closing quotations 31-3-1971
FORWARD					Miscellaneous				
Textiles					Textiles				
Ahm. Advance (100)	219.00**	223.75	221.50	223.75**	Baroda Rayon (100)	117.00	119.00	117.00	118.00
Bombay Dyeing (25)	43.75**	43.75	40.50*	46.75**	Bradbury (50)	47.00	—	—	47.00
Central India (50)	45.50**	44.50	44.00	45.50**	Century Enka (100)	352.50	352.50	347.50	347.50
Century (100)	880.00**	800.00	840.00	880.00**	Gold Mohur (100)	153.00	—	—	153.00
Dawn (50)	72.50**	72.50	70.00	72.50**	Indian Rayon (100)	77.00	78.00	76.50	77.00
Elphinstone (50)	31.00**	—	—	31.00**	Lakshmi-Vishnu (100)	90.00	—	—	90.00
Finlay (100)	160.00**	—	—	160.00**	Matatal (100)	380.00	380.00	375.00	375.00
Gokak (100)	151.50**	152.00	151.00	151.00	Modella Woollen (100)	8.88	9.12	8.88	9.00
Gwalior Rayon (10)	38.75**	39.25	38.50	38.75**	Raghuvanshi (100)	91.50	—	—	91.50
India United Ord. (10)	1.88**	1.40	1.34	1.88**	Raymond Woollen (10)	19.00	—	—	19.00
Khatana (100)	157.00**	150.00	155.00	157.00**	Shree Ram (100)	85.00	—	—	85.00
Kohinoor (100)	251.00**	253.00	235.00	251.00**	S. I. Virose (100)	170.00	173.00	170.00	171.00
Morarjee (100)	255.00**	—	—	255.00**	Western India (250)	188.75	—	—	188.75
National Rayon (100)	543.00**	531.50	513.00	543.00**	Insurance				
Phoenix (100)	71.00**	73.00	71.00	71.00**	British India (10)	17.76	—	—	17.76
Podar (10)	10.00**	9.96	9.76	10.00**	Indian Mercantile (50)	77.00	77.00	76.00	77.00
Shreenivas (100)	119.00**	—	—	119.00**	New Great (25)	39.50	39.50	38.50	39.25
Simpex (50)	96.00**	105.50	104.75	96.00**	New India (15)	46.50	47.00	46.50	46.50
Standard (100)	688.00**	690.50	652.50	688.00**	Vulcan (10)	15.24	15.24	15.12	15.12
Svadeshi (100)	147.00**	148.00	146.00	147.00**	Electric				
Swan (100)	148.00**	141.00	146.00	148.00**	Amalgamated (10)	10.08	10.08	10.00	10.08
Tata Mills (25)	34.50**	33.00	31.50	34.50**	Surat (100)	138.00	138.00	125.00	127.00
Electric					Cement				
Ahmedabad (100)	108.75**	109.00	108.75	109.00**	Mysore Cement (10)	17.00	17.24	17.20	17.20
Andhra Valley (100)	158.00**	158.00	157.00	157.00**	Saurashtra Cement (100)	170.00	172.50	170.00	172.50
B. Suburban (100)	121.00**	—	—	121.00**	Paper				
Tata Hydro (100)	160.50**	162.00	160.50	160.50**	Anitra Paper (100) (old)	130.00	—	—	130.00
Tata Power (100)	158.00**	158.50	157.50	158.00**	Anti Hardboards (100)	67.50	80.00	67.50	80.00
Steel					Jayanti Paper (200)	142.50	145.50	142.50	142.50
Indian Iron (10)	16.50**	—	—	16.50**	Kohit (100)	112.00	112.00	111.00	111.00
Mukand (10)	16.88**	17.12	16.88	17.12**	Steels Metals & Alloys				
Tata Steel (75)	103.75**	101.50	99.50	103.75**	Pero Alloys (100)	91.50	91.00	91.00	93.00
Engineering					Hind Aluminum (10)	37.25	37.50	36.00	36.25
Alcock (100)	66.00**	66.00	64.50	66.00**	Khandwal Pero (100)	172.00*	168.00	165.00	165.00
Cooper (100)	80.00**	83.50	80.50	80.00**	Engineering				
Larsen & Toubro (10)	24.00**	24.00	23.70	24.00**	Associated Bearings (100)	296.00	296.00	288.00	288.00
Tata Eng. & Loco (100)	237.50**	238.50	232.50	237.50**	Hind Tractors (100)	100.00	—	—	100.00
SLM—Maneklal (100)	240.00**	242.50	240.00	240.00**	Jyoti (100)	128.00	—	—	128.00
Voltas (100)	244.00**	251.00	248.00	244.00**	Kirloskar Oils (10)	15.76	15.52	17.52	15.90
Dyes & Chem.					Mahindra (10)	15.76	15.88	15.64	15.64
Amer Dye-Chem. (100)	207.50**	208.75	207.50	207.50**	N. W. Standard (100)	103.00	102.00	101.00	102.00
Indian Dyestuff (100)	332.00**	338.00	331.00	332.00**	Sandvik Asia (100)	276.00	285.00	275.00	285.00
Polychem (50)	124.00**	124.00	123.00	123.00**	T. Maneklal (100)	400.00	395.00	385.00	390.00
Tata Chemicals (10)	80.00**	80.00	29.00	80.00**	Zenith Steel (10)	17.12	17.24	16.76	17.00
Shipping					Cables & Elec.				
Great Eastern (10)	36.00**	36.50	35.25	36.00**	Asian Cables (100)	71.50	75.00	72.50	75.00
Scindia (20)	21.60**	22.08	21.60	21.60**	Crompton Greaves (100)	231.25	—	—	231.25
Cement					Mahendra Elec. (100)	117.00	118.00	117.00	118.00
A.C.C. (100)	140.75**	141.00	140.50	140.75**	Standard Batteries (100)	218.75	—	—	218.75
Orissa (10)	18.48**	18.44	18.36	18.40**	Chemicals				
Shree Digvijay (100)	122.00**	149.00	146.50	122.00**	Eyer (India) (100)	240.00	254.00	242.00	248.00
Sugar					Chem. & Fibres (10)	44.50	45.00	42.75	42.75
Belapur (50)	82.50**	86.00	83.00	82.50**	Colour-Chem. (100)	252.50	252.50	250.00	252.50
Maharashtra (50)	104.00**	104.00	97.00*	104.00**	Nab. Organic (100)	240.00	241.00	237.00	238.00
Phalton (50)	80.00**	—	—	80.00**	Pfizer (10)	39.25	39.25	32.75	38.00
Walchandnagar (100)	76.00**	76.00	74.00	76.00**	Polyolefins Ind. (100)	258.00	257.00	253.00	254.00
Miscellaneous					Sandoz (10)	18.24	18.52	18.00	18.52
Champhor & Allied (100)	246.25	246.25	237.50	246.25	Synthetics (100)	187.50	194.00	177.50	180.00
Coat Tyres (100)	235.75*	235.75*	235.00	235.75*	Miscellaneous				
Fibre Glass (10)	15.88	16.24	16.00	16.00	Champhor & Allied (100)	246.25	246.25	237.50	246.25
Gammon India (10)	5.16	5.24	5.12	5.12	Coat Tyres (100)	235.75*	235.75*	235.00	235.75*
Hindustan Lever (10)	22.76	23.36	22.80	22.80	Fibre Glass (10)	15.88	16.24	16.00	16.00
Kiltek Nixon (100)	97.00	98.00	93.00	93.00	Gammon India (10)	5.16	5.24	5.12	5.12
Motor Industries (100)	440.00	450.00	440.00	440.00	Hindustan Lever (10)	22.76	23.36	22.80	22.80
P. Magnolia (100)	147.50	150.00	147.00	147.50	Kiltek Nixon (100)	97.00	98.00	93.00	93.00
W. H. Brady (100)	150.00	—	—	150.00	Motor Industries (100)	440.00	450.00	440.00	440.00

* Ex-dividend.

† Out-right.

‡ Ex-right.

** Business for Hand Delivery.

†† Squaring up deals.

Note: Figures within brackets indicate the paid-up value of shares.

Wherever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

COMMODITIES

Spot cotton forges ahead

BOMBAY, March 31

On keen spinner demand cotton prices during the past week ruled firm, the gain over the week ranging from Rs 125 to Rs 350 per candy in quite a few cases. Strangely enough, one or two varieties showed losses ranging from Rs 75 to Rs 175 following temporary withdrawal of support by the mills. The sentiment has been mainly influenced by the prospects of cotton yarn exports to Burma in the wake of the recent deal involving the Cotton Textiles Export Promotion Council, Bombay, and its counterpart in Burma.

Meanwhile, trade circles in Bombay are perturbed by the statement made by the Union Minister for Foreign Trade regarding the eventual take-over of all cotton imports. There is also apprehension over the possible action that the Government of Maharashtra would take in respect of its much-talked-about procurement scheme.

The following has been the trend of prices of some of the leading varieties:

	(Rs. per candy)	For the week ended March 31	For the week ended March 24
Khandesh ..	2,725	2,725	2,725
Berar AK ..	2,550	2,550	2,200-2,300
Digvijay Dabhoi ..	3,000-3,025	3,100	
Berar L 147 ..	2,750-2,800	2,600-2,600	
Kalyan 797 ..	2,300-2,325	2,425-2,450	
Manavadar CO2 ..	2,925	3,000	

In the import section, two instalments of global quota, which had been released

earlier, were mainly responsible for the fresh interest evinced by the mills and importers for the Sudanese and African cotton. The Cotton Corporation of India has also been keen in finding out suppliers of global cotton on terms and conditions prescribed by it.

On the export front, very little development of note took place during the week. Bengal Deshi registered for export as on March 20 is placed at 118,348 bales against 180,632 bales during the corresponding period last year. Actual exports during the season, as on March 6, have been only 70,722 bales against 112,088 bales.

YARNS SUBDUED

BOMBAY, March 31

Trading was dull in the yarns market during the past week. The prices of art silk yarns which were firm during the past one month receded during the week under review due to improved arrivals from spinners. The slack offtake from upcountry centres also imparted weakness. Staple fibre yarns also followed suit and declined on slack offtake. Cotton yarns were subdued with little price variations.

In the art silk silk yarns section, 150D National Rayon eased by 28 paise to Rs 17.09 and 120D by a like amount to Rs 19.29. 150D Bright Century receded by 26 paise to Rs 16.80. 120D lost 22 paise to Rs 19. 100D Bright South India declined by 16 paise to

Rs 23.15. Staple fibre yarns (2x34 nF) spot Kiran was subdued by 22 paise to Rs 11.62.

TOUGH TIME FOR OILCAKES

BOMBAY, March 31

Exports of groundnut extractions will face rough weather in view of the recent Geeda delegation to Japan having reportedly conceded the demand for aflatoxin survey. The survey will be done at ports of shipment but by Japanese surveyors. The aflatoxin dispute has been there for quite some time and latest reports confirm earlier fears that Japan will henceforward prove a difficult market.

Market men say that the 10 per cent fibre clause (instead of 12 per cent) might lead to the exclusion of the whole of Gujarat which account for more than 60 per cent of the country's exports of groundnut extractions. Britain has been extremely dull and no large inquiries are expected from that country in the foreseeable future.

Reports also say that socialist countries have been allowed by the conference lines a concessional rate of \$23 per metric tonne while Indian exporters are asked to pay \$31.05. Responsible men in the market have expressed their indignation about this and particularly so in view of recent reports that these countries are dumping Indian goods on hard currency areas which have been India's traditional markets. They also want to know what have Indian shipping interests been doing in the matter.

Another disappointing news is the decision of the Government of India discontinuing the export incentive of 12.5 per cent on f.o.b. value available against exports of decorticated cottonseed extractions. Exports made from April onwards would not qualify for any cash incentive making overseas business extremely difficult. Recently Yugoslavia bought about 8,000 tonnes and outstanding commitments are estimated at around the same quantity.

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Groundnut oil and seeds remained quiet owing to heavy summer crop arrivals at the terminal centres but castor and linseeds maintained a firm tone on sustained bull support. In view of the sizable premiums which spot material is commanding, tenders in the maturing contracts are expected to be very small, if at all goods are going to be tendered. Arrivals have been small but exporters are actively supporting the spot oil market. Recent developments in Pakistan have been influencing the market bullishly.

Comparative prices in rupees were:

Item	24-3-1971	31-3-1971
Castor April ..	138.50	144.50
Castor June ..	135.00	140.00
Linseeds April ..	155.25	162.50
Linseeds July ..	154.25	167.50
G. Nuts Khandesh ..	189.00	196.00
G. Nut oil ..	43.25	42.75
Castor Madras Small ..	146.00	152.00
Castor Comm. oil ..	33.20	34.50
Castor B.S.S. oil ..	36.00	36.75
Linseeds Bold ..	156.00	166.00
Linseed oil ..	36.50	37.50

FOODGRAINS RECEDE

BOMBAY, March 30

The prices of foodgrains in the local grains market generally declined during the week under review. Among coarse grains,

the prices of bajra (superior) declined by Rs 3 to Rs 62-72 per quintal owing to the slack demand. The daily arrivals were around 390 bags. Maize at Rs 63 per quintal remained unchanged. The inflow was nominal. In pulses, gram (Punjab), receded by Rs 3 to Rs 84-85 per quintal. This fall was attributed to slack demand in the face of satisfactory arrivals. Urad (Khandesh new) moved up by Rs 8-10 to Rs 148-155 per quintal on account of good demand and poor inflow. Tur (Berar White) at Rs 112-113 per quintal showed a modest fall of Rs 2-3 due to heavy arrivals from producing centres and slack demand. The daily arrivals were around 300 bags. Activity in tur was moderate. Moong (Chinal) remained steady at the week-end price level of Rs 170-200 per quintal.

SUGAR MOVES UP

BOMBAY, March 30

The prices of sugar (C-30) in the local sugar market showed an up trend during the week under review. The prices of sugar (C-30) moved up by Rs 2-4 to Rs 188-190 per quintal. This rise was attributed to the lower allocation of levy sugar quota to the State. Besides, there was heavy festive demand for sugar. Today, tenders of 8,000 bags were disposed of by the co-operative sugar factories at higher rates of Rs 182.50-183 and Rs 184-186 for 'D' and 'C' grades, respectively.

FOODGRAINS EASY

HAPUR, March 29

Foodgrain prices ruled easy during the week under review. Beginning of arrivals of new rabi grains in the markets and selling pressure of old stocks were the main influencing factors. Wheat, rice and coarse grains prices sought lower levels and prices in the pulses section were also subdued with the arrivals of new peas gradually mounting.

Wheat average was quoted at Rs 72.50 to Rs 77.50 and superior farm at Rs 85 to Rs 90 per quintal as against Rs 78.75 to Rs 82.50 and Rs 92.50 to Rs 105 respectively quoted last week-end and red mexican variety which was quoted at Rs 75 a quintal last week-end was quoted at Rs 70 a quintal. Arrivals of new wheat in very small quantity was reported at the week-end but arrivals of old stuff mounted to an average of 1,000 to 1,250 mds a day.

Among coarse grains gram prices drifted lower as new crop was reaching the markets in east UP. Demand was reported slack. Stocks of barley and bejhar were sparse and new crop was yet to reach the markets.

SUGAR ADVANCES

HAPUR, March 29

Sugar prices displayed a rising trend during the past week on brisk demand in the face of hesitant offerings by the millers. The release of the monthly quota failed to check the upward trend. Seasonal demand revived during the week and good enquiries from Assam, Rajasthan, Punjab, Haryana and parts of UP were reported. Rumours of likely increase in levy sugar prices also led to speculative buying and as a result spot sugar prices advanced sharply to Rs 180 to Rs 195 a quintal. Retail prices were quoted at Rs 1.95 to Rs 2 a kilogram.

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Tardeo, Bombay-34 WB (India)

declined but was still reported adequate to meet the day-to-day needs and feed sugar factories.

Despite unusually daily heavy arrivals at this time of the year at an average of 5,000 maunds, gur prices recorded sizable gains during the earlier part of the week on around brisk buying support but prices recorded at the week-end a sagging trend due to loading restrictions.

KIPS STEADY

MADRAS, March 27

Arrivals of stocks from the tanning centres have been on the usual scale and off-take kept pace with the arrivals. Prices remained steady to firm. Overseas inquiries were persistent for cow hides inferior fifths in light and medium weights and stocks offered were readily booked. For cowcalf, exceptionally good demand was in evidence at improved prices. In buffcalf, inferior selections were freely cleared.

Lower ends in goat skins 8/9 lbs average were in good demand, while higher selections elicited little inquiries. Prime sheep and wool sheep skins were firm.

BULLION WEAK

BOMBAY, March 31

A week sentiment characterised trading in the bullion market during the past week. Silver which was firm last week lost ground during the week due to increased inflow in the absence of upcountry demand. The weak overseas sentiment also imparted weakness. Gold which touched new highs last week receded to the background as the rumour of the demonetisation was officially denied. The increased inflow also imparted weakness.

Silver (.996 fineness) began the week Rs 3 higher at Rs 588.50 but lost ground in the following sessions. It declined further in the subsequent sessions and moved at between Rs 588 and Rs 586 before closing still lower at Rs 585 today, the net loss over the week being Rs 3. The weekly delivery was mentioned at between Rs 588 and Rs 586. The weekly average arrivals and off-take of silver aggregated 26 bars and 13 bars respectively.

Primary gold in unofficial trading commenced Rs 2 higher at Rs 195 but declined in the following sessions. It receded further and closed the week at Rs 185 today, the net loss over the week being Rs. 8. Standard gold in official trading opened fifty paise at Rs 197 and declined in the subsequent sessions. It wound up at Rs 193 today, the net loss over the week being Rs 4. Sovereign was done at Rs 173.

CALL RATE EASES

BOMBAY, March 31

Stringent conditions continued to prevail in Bombay's short-term money market in the past week. However, the call rate eased by one per cent to 10 per cent.

In Calcutta renewals were done at 10½ per cent.

During the week ended March 19, foreign exchange reserves of the Reserve Bank of India declined by Rs 0.99 crores to Rs 370.50 crores. While foreign securities rose by Rs 5 crores to Rs 288.42 crores, balances held abroad came down by Rs 5.99 crores to Rs 102.08 crores. Notes in circulation decreased by Rs 29.25 crores to Rs 4,255.31 crores. Loans and advances to scheduled commercial banks rose to Rs 442.82 crores from Rs 395.67 crores.

Week ended March 19 marked an increase of Rs 23.09 crores at Rs 4,663.96 crores in the total credit made available by scheduled commercial banks. Aggregate deposits declined by Rs 17.81 crores to Rs 5,842.37 crores. Borrowings from Reserve Bank were higher at Rs 442.82 crores (Rs 395.67 crores).

Notices

ALBRIGHT, MORARJI AND PANDIT LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE FIFTH Annual General Meeting of the Shareholders of the Company will be held at Walchand Hirachand Memorial Hall, 76, Veer Nariman Road, Bombay-20 (BR) on Thursday, the 22nd April, 1971 at 4.00 P.M. Notice of the Meeting setting out the ordinary and special business to be transacted thereat with the Explanatory Statement as required under Section 173 of the Companies Act, 1956 attached thereto has been sent by post to the Members at their registered addresses.

The Board of Directors have recommended, for consideration at the Fifth Annual General Meeting, payment of a maiden dividend of Rs 6 per Equity Share, free of tax, for the year ended 31st October, 1970. The dividend, if sanctioned at the Annual General Meeting, will be paid on or after the 27th day of April, 1971 to those eligible Members whose names appear on the Company's Register of Members on the 22nd day of April, 1971.

The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 8th April 1971 to Thursday, the 22nd April 1971 (both days inclusive).

Shareholders are requested to notify change of address, if any, to the Company immediately.

By Order of the Board of Directors,
P. VASUDEVA MENON

Secretary.

Registered Office:

RAJ MAHAL, 3RD FLOOR,
84, VEER NARIMAN ROAD,
BOMBAY-20 (BR).
24th March, 1971

THE MILLOWNERS' ASSOCIATION, BOMBAY

NOTICE

NOTICE IS HEREBY GIVEN THAT the ANNUAL GENERAL MEETING of the MEMBERS of the MILLOWNERS' ASSOCIATION, BOMBAY, will be held in the Board Room of the Association, (Second Floor, Elphinstone Building, Veer Nariman Road, Fort, Bombay) at 11.30 a.m. on Monday, the 26th April, 1971, to transact the following business:—

1. To receive and adopt the Committee's Report and Statement of Accounts for the year 1970;
2. To appoint Auditors of the Association's Accounts for the current year and to fix their remuneration;

AND any other business that may be brought forward.

By Order of the Committee,
R. L. N. VIJAYANAGAR,
Secretary.

BOMBAY, 3rd April, 1971.

THE WESTERN INDIA MATCH COMPANY, LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT the Forty-eighth Annual General Meeting of the shareholders of the above-named Company will be held at Bombay House Auditorium, 24 Bruce Street, Bombay at 4 p.m. on Friday the 30th day of April 1971 to transact the following business:—

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31st December 1970.
2. To declare a dividend.
3. To appoint a Director in the place of Mr Pratapsinh M. Vissanji, who retires by rotation and is eligible for re-appointment and offers himself accordingly.
4. To appoint a Director in the place of Mr Jehangir P. Patel, who retires by rotation and is eligible for re-appointment and offers himself accordingly.
5. To appoint the Company's Auditors and also the Auditors for the branches and to fix their remuneration.

The Register of Members and the Transfer Books of the Company will be closed from the 5th day of April 1971 to the 6th day of May 1971 both days inclusive.

By Order of the Board,
AKBAR HYDARI
Chairman.

18th March, 1971.

INDIAN MERCANTILE CHAMBERS,
NICOL ROAD, BALLARD ESTATE,
BOMBAY.

A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company

The dividend when sanctioned will be payable at par at all Indian offices of Central Bank of India on and after the 5th day of May 1971 to those shareholders whose names stand on the register on the 30th day of April 1971 and warrants will be posted in due course to each shareholder at his registered address. Shareholders are kindly requested to notify immediately any change of address.

STATISTICS

AGRICULTURE IN DEVELOPING COUNTRIES

AVERAGE ANNUAL GROWTH OF AGRICULTURAL PRODUCTION IN SEVENTY-FIVE DEVELOPING COUNTRIES COMPARED WITH THE LEVEL OF GDP PER CAPUT AND WITH THE RATE OF GROWTH OF GDP

	Average annual growth of agricultural production 1952-54 to 1967-69	Per cent GDP at factor cost 1967	Average annual growth of GDP 1955-67		Average annual growth of agricultural production 1952-54 to 1967-69	Per cent GDP at factor cost 1967	Average annual growth of GDP 1955-67
	Per cent per year	US dollars	Per cent per year		Per cent per year	US dollars	Per cent per year
Ecuador	6.3	218	4.5	Iraq	2.9	390 (a)	6.8 (e)
Ivory Coast	6.1	223 (a)	..	Ethiopia	2.9	61 (a)	..
Upper Volta	5.7	44 (a)	..	Countries above average rate of growth of agricultural production.			..
Venezuela	5.5	935	..	Average			4.1
Nicaragua	5.4	339	5.4	Countries below average rate of growth of agricultural production.			2.9
Sudan, The	5.2	91 (b)	4.3 (c)	Average			212 (i)
Cyprus	5.1	670	5.5 (d)	Average			4.6
Mexico	5.0	520	6.3	Average			1.5
Guatemala	4.8	285	5.1	Average			200
Thailand	4.6	140	6.2	Average			3.5
Bolivia	4.5	176	4.2 (e)	Colombia	2.8	313 (a)	4.4
Malawi	4.4	60	3.2 (f)	Pakistan	2.8	123	4.8
Costa Rica	4.3	394	..	Saudi Arabia	2.7	227 (g)	..
Korea, Republic of	4.3	146	6.3	Malaysia, Sarawak	2.7	251 (a)	..
Niger	4.3	82 (b)	..	Paraguay	2.5	211	3.7
Malaysia, West	4.2	283 (a)	5.2 (c)	Peru	2.5	263	6.0 (j)
Cameroon	4.2	126 (b)	..	Jamaica	2.5	493	..
Senegal	4.2	195 (a)	..	Afghanistan	2.5	55 (g)	..
Honduras	4.1	228	5.1	Syria	2.5	212	..
Libya	4.1	1,062	..	Morocco	2.4	172	2.0
Rhodesia	4.1	222	4.6	India	2.4	81 (a)	3.4 (e)
El Salvador	4.0	261	..	Burma	2.2	63	3.9
Panama	4.0	553	7.0	Guinea	2.2	96 (g)	..
Ghana	4.0	231	..	Chile	2.1	539	4.5
China (Taiwan)	3.9	238	8.5	Dominican Republic	2.0	251	3.9
Iran	3.8	287	..	Indonesia	1.8	94 (a)	1.8 (d)
Brazil	3.7	273 (a)	5.0 (r)	Nigeria	1.8	75 (a)	5.6 (k)
Kenya	3.7	111	..	Chad	1.7	69 (b)	..
Mozambique	3.7	68 (g)	..	Argentina	1.5	758 (a)	3.0
Gambia, The	3.6	85 (b)	..	Dahomey	1.4	69 (g)	..
Philippines	3.5	259	4.4 (d)	Mauritius	1.4	225	..
Somalia	3.5	65 (g)	..	Southern Yemen	1.2	194 (g)	..
Turkey	3.4	315	5.8	Lesotho	0.9	78 (a)	..
Malaysia, Sabah	3.4	287 (a)	..	Yemen	0.3	..	..
Uganda	3.4	87	3.7	Cuba	0.2	..	..
Cambodia	3.3	127 (a)	..	Nepal	0.2	94	..
Madagascar	3.1	103	..	Tunisia	0.2	186	..
Guyana	3.0	309 (a)	..	Barbados	0.1	383 (a)	..
United Arab Republic	3.0	167 (a)	5.7 (h)	Haiti	..	79	1.6 (l)
Ceylon	3.0	140	3.6	Botswana	0.1	94 (a)	..
				Congo, Dem. Republic of the	0.2	96 (a)	..
				Uruguay	0.3	551 (a)	0.6 (e)
				Algeria	0.8	203 (b)	..

NOTES: (a) 1966, (b) 1965, (c) 1955-66, (d) 1958-67, (e) 1958-65, (f) 1955-63, (g) 1963, (h) 1957-66, (i) Excluding Libya and Venezuela, (j) 1958-63, (k) 1958-66, (l) 1955-64.

SOURCE: *The State of Food and Agriculture 1970*, Food and Agriculture Organisation of the United Nations, Rome, p. 128.

ANNUAL RATE OF GROWTH OF GROSS DOMESTIC PRODUCT IN 36 COUNTRIES

(Per cent)

	Total GDP		GDP in agriculture			Total GDP		GDP in agriculture	
	1950-60	1960-67	1950-60	1960-67		1950-60	1960-67	1950-60	1960-67
Panama	..	8.2	..	6.4	Colombia	4.6	4.7	3.4	2.9
Korea, Republic of	5.0	7.8	2.7	5.0	Uganda	4.0	4.5	4.1	3.8
Thailand	..	7.6	..	4.0	Nigeria	10.5	4.5	9.1	2.0
Iran	..	7.6	..	3.2	Paraguay	3.2	4.4	2.2	3.0
Mexico	6.3	6.7	4.8	4.0	Tanzania	..	4.3	..	3.9
Iraq	5.6	6.7	2.7	6.1	Brazil	5.7	3.9	4.6	4.5
Peru	4.7	6.1	3.8	2.3	Tunisia	..	3.7	..	3.0
Malaysia, West	3.6	5.8	2.9	4.2	Ceylon	3.2	3.7	2.8	2.6
Pakistan	2.5	5.6	1.4	3.3	Burma	5.8	3.4	2.3	4.3
Honduras	3.4	5.5	2.2	1.7	Morocco	0.5	3.2	0.7	2.9
Chile	2.9	5.5	1.6	2.0	Argentina	3.4	2.9	2.3	2.8
Bolivia	..	5.4	..	2.7	Indonesia	..	2.2	..	1.7
Guatemala	4.2	5.4	3.0	3.9	Dominican Republic	..	1.5	..	0.8
Syria	..	5.2	..	2.4	Guyana	..	1.5	..	-0.6
Philippines	6.8	5.1	5.1	4.6	Uruguay	1.2	1.0	-0.2	2.1
Venezuela	8.5	5.0	5.0	6.6	India	3.5	1.0	2.8	-0.4
Jamaica	9.6	4.9	4.0	3.3	Average of above countries ..				4.7
United Arab Republic	..	4.9	..	2.5	Average				4.7
Ethiopia	..	4.8	..	2.3	Average				3.2
Ecuador	4.8	4.7	3.4	2.9	Average				3.0

SOURCE: *The State of Food and Agriculture 1970*, Food and Agriculture Organisation of the United Nations, Rome.

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	19-3-1971	12-3-1971	20-3-1970
Issue Department			
Notes held in Banking Department ..	14.52	3.86	12.80
Notes in circulation ..	4,255.31	4,284.56	3,852.35
Total notes issued ..	4,269.83	4,288.43	3,865.21
Gold coin and bullion ..	182.53	182.53	182.53
Foreign securities ..	268.42	263.42	331.42
Rupce coin ..	50.15	48.75	63.91
Government of India rupee securities ..	2,768.73	3,793.72	3,287.35
Banking Department			
Deposits of Central Government ..	373.74	400.48	197.90
Deposits of State Governments ..	12.00	6.48	6.05
Deposits of Scheduled Commercial Banks ..	195.93	190.56	159.47
Deposits of Scheduled State Co-operative Banks ..	8.70	8.38	7.80
Deposits of Non-Scheduled State Co-operative Banks ..	0.78	0.83	0.62
Deposits of other banks ..	0.28	0.28	0.21
Other Deposits ..	69.91	71.43	153.36
Other liabilities ..	665.24	648.27	577.95
Total liabilities or assets ..	1,326.57	1,326.70	1,103.41
Notes and coins ..	11.59	3.93	12.93
Balances held abroad ..	102.08	108.07	121.00
Loans and advances to—			
(i) Central Government ..	—	—	—
(ii) State Governments ..	244.34	290.80	208.37
Loans and advances to Scheduled Commercial Banks ..	412.82	395.67	236.32
Loans and advances to State Co-operative Banks ..	308.85	314.97	285.35
Other loans and advances ..	3.29	34.62	9.41
Bills purchased and discounted ..	21.42	19.44	39.84
Investments ..	112.55	108.90	143.22
Other assets ..	44.65	44.29	43.96

Note: The gold reserves of Issue Department are valued at Rs 53.58 per 10 grams upto January 31, 1969 and at Rs 84.39 per 10 grams thereafter.

COST OF LIVING INDEX: 1970 (Base: 1960=100)

Centre	Industrial workers			Urban non-manual employees		
	Sept.	Oct.	Nov.	June	July	August
Ahmedabad ..	177	181	177	174	173	172
Ajmer ..	189	186	N.A.	170	172	174
Alwaye ..	201	200	199	(a)	(a)	(a)
Amritsar ..	193	198	N.A.	188	188	189
Bangalore ..	187	188	191	168	170	172
Bombay ..	182	183	183	170	168	168
Calcutta ..	189	190	190	170	170	172
Delhi ..	200	204	202	173	174	175
Digboi ..	193	194	198	(a)	(a)	(a)
Gwalior ..	198	195	192	198	196	198
Hyderabad ..	191	193	192	174	175	174
Jamshedpur ..	188	189	190	(a)	(a)	(a)
Kanpur ..	192	193	N.A.	175	176	177
Madras ..	171	174	175	167	174	175
Nagpur ..	191	190	191	168	170	169
Patna ..	(a)	(a)	(a)	193	192	192
Sambalpur ..	202	202	N.A.	177	175	179
Shillong ..	(a)	(a)	(a)	163	168	169
Srinagar ..	170	172	N.A.	180	179	179
Trivandrum ..	(a)	(a)	(a)	174	176	173
Yamunanagar ..	197	198	N.A.	(a)	(a)	(a)
All-India ..	188	189	189	174	175	175
All-India (corresponding month of 1969) ..	179	178	177	166	168	169

(a) The original source of data does not cover this centre.

MONEY RATES*

	1971			1970
	Mar. 19	Mar. 12	Mar. 5	Mar. 20
Reserve Bank of India (Bank Rate) ..	6	6	6	5
Selected Major Scheduled Commercial Bank†				
Call money from Banks:				
Bombay ..	11.00	11.05	11.13	6.94
Calcutta ..			11.25	7.40
Madras ..	10.00	10.00	11.41	8.98

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.

† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	For the week ended (Friday)		
	19-3-1971	12-3-1971	20-3-1970
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	146.09	138.20	119.82
(ii) From others ..	2,531.81	2,561.04	2,189.82
(b) Borrowings from banks ..	21.70	24.49	31.12
(c) Others ..	148.13	147.37	128.64
2. Time liabilities—			
(a) Time deposits—			
(i) From banks ..	29.34	28.17	32.57
(ii) From others ..	3,291.56	3,300.14	2,799.17
(b) Borrowings from banks ..	7.30	8.54	9.26
(c) Others ..	41.51	42.07	28.16
3. Aggregate deposits (1) (a) (ii) + (2) (a) (ii) ..	5,443.37	5,861.18	4,998.99
4. Borrowings from Reserve Bank ..	442.82	395.67	236.32
(a) Against unissued bills and/or promissory notes ..	266.20	232.94	69.88
(b) Others ..	176.62	162.73	166.44
5. Borrowings from State Bank and/or a notified Bank and the State Governments ..	45.24	47.38	59.34
6. Cash ..	170.18	169.26	142.60
7. Balances with Reserve Bank ..	197.86	194.03	159.64
8. Cash and balances with Reserve Bank ..	368.04	363.29	302.24
9. 8 as per cent of 3 ..	6.30	6.20	6.06
10. Balance with other banks in current account ..	69.69	72.28	51.64
11. Money at call and short notice ..	22.05	22.51	46.10
12. Investments in Government securities ..	1,366.16	1,362.73	1,171.57
13. 12 as per cent of 3 ..	23.38	23.25	23.48
14. Advances—			
(a) Loans, cash credits and overdrafts ..	3,688.51	3,671.55	3,301.83
(b) Due from banks ..	47.36	49.16	45.47
15. Inland bills purchased and discounted ..	769.99	766.24	478.12
16. Foreign bills purchased and discounted ..	214.46	213.08	186.27
17. Total Bank Credit (14 (a) + 15 + 16) ..	4,663.96	4,640.87	3,966.23
18. 17 as per cent of 3 ..	79.82	79.18	79.50

RBI INDEX NUMBERS OF SECURITY PRICES

(1961-62=100)

Group and Sub-Group	Week ended		
	20th Mar. 1971	20th Feb. 1971	21st Mar. 1970
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES			
Total ..	97.8	98.1	99.2
Government of India ..	97.3	97.6	98.9
State Government ..	100.4	100.4	100.4
Semi-Government Institutions ..	100.7	100.7	101.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—Total			
<i>Agriculture and Allied Activities</i> ..	87.7	89.8	87.0
Tea Plantations ..	69.6	70.8	67.8
Coffee Plantations ..	129.6	129.0	131.5
Rubber Plantations ..	149.8	155.1	156.3
Mining and Quarrying: Total ..	53.7	52.8	54.0
Coal ..	52.9	52.3	54.2
Processing and Manufacturing ..	97.5	96.9	92.3
Processing and Mfg. (Foodstuffs, Textiles, etc.) ..			
Total ..	83.2	83.2	79.2
Edible and Vegetable Oils ..	222.8	226.0	172.2
Sugar ..	74.4	76.4	87.2
Cotton Textiles ..	72.3	71.8	67.0
Jute Textiles ..	38.8	39.0	49.0
Silk, Woollen and Rayon Textiles ..	121.8	121.5	112.3
Processing and Mfg. (Metals, Chemicals, etc.) ..			
Total ..	102.9	102.3	99.3
Iron and Steel ..	98.7	100.5	119.8
Non-ferrous Metals—Basic ..	127.5	128.0	125.9
Electrical Machinery Appliances, etc. ..	120.6	126.7	104.2
Basic Industrial Chemicals ..	119.2	115.2	103.9
Other Chemical Products ..	150.0	152.4	148.2
Processing and Mfg. (Others) ..	124.9	122.7	111.6
Cement ..	114.3	112.1	105.0
Paper and Paper Products ..	153.8	151.0	129.2
Rubber and Rubber Products ..	162.8	158.9	145.8
Other Industries: Total ..	135.4	134.1	121.4
Electricity Generation and Supply ..	131.2	130.9	121.1
Shipping and Other Transport ..	317.1	314.2	262.4
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL			
Bombay ..	115.0	114.2	107.6
Calcutta ..	95.5	94.8	90.2
Madras ..	87.7	88.8	84.4
Ahmedabad ..	80.8	79.9	80.5
Delhi ..	115.4	116.7	115.4

'COMMERCE' ALL-INDIA HOTEL GUIDE

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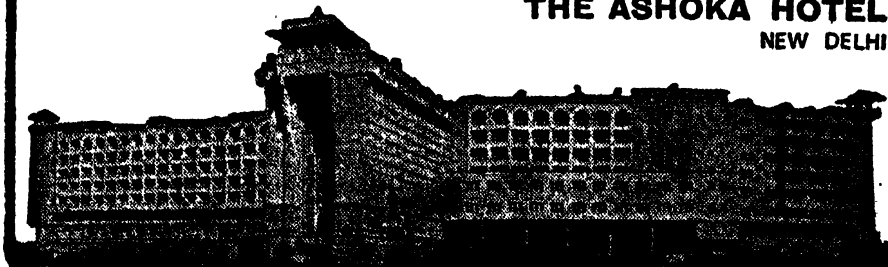
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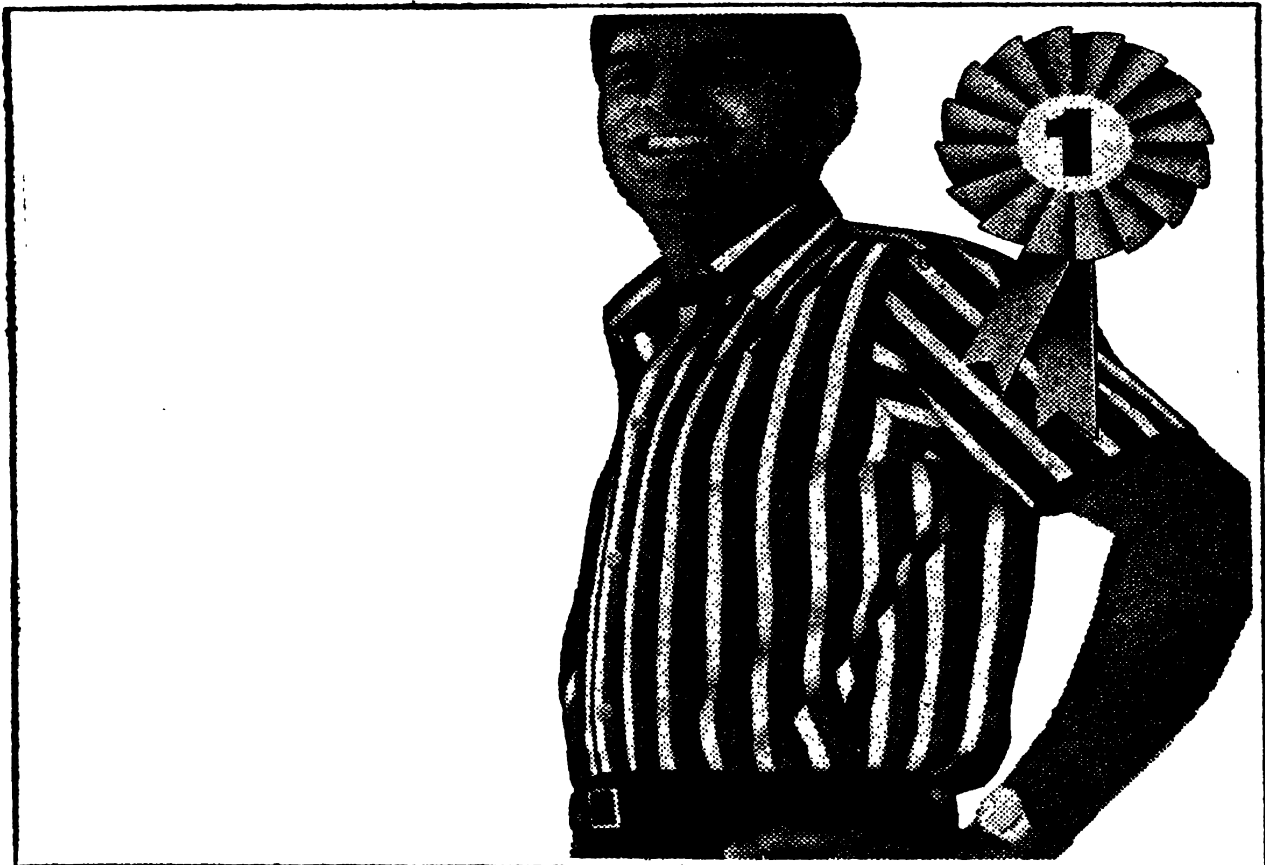
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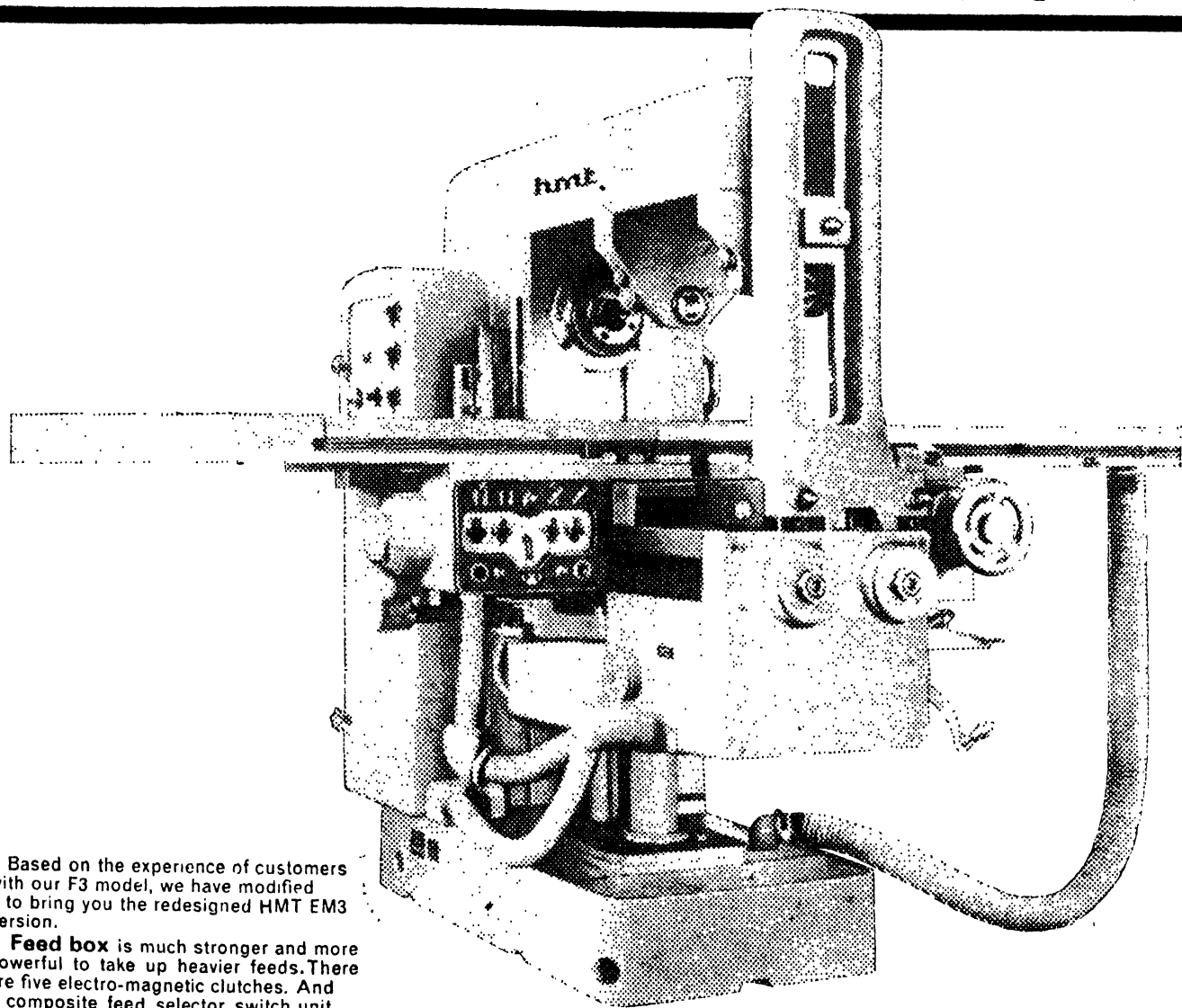
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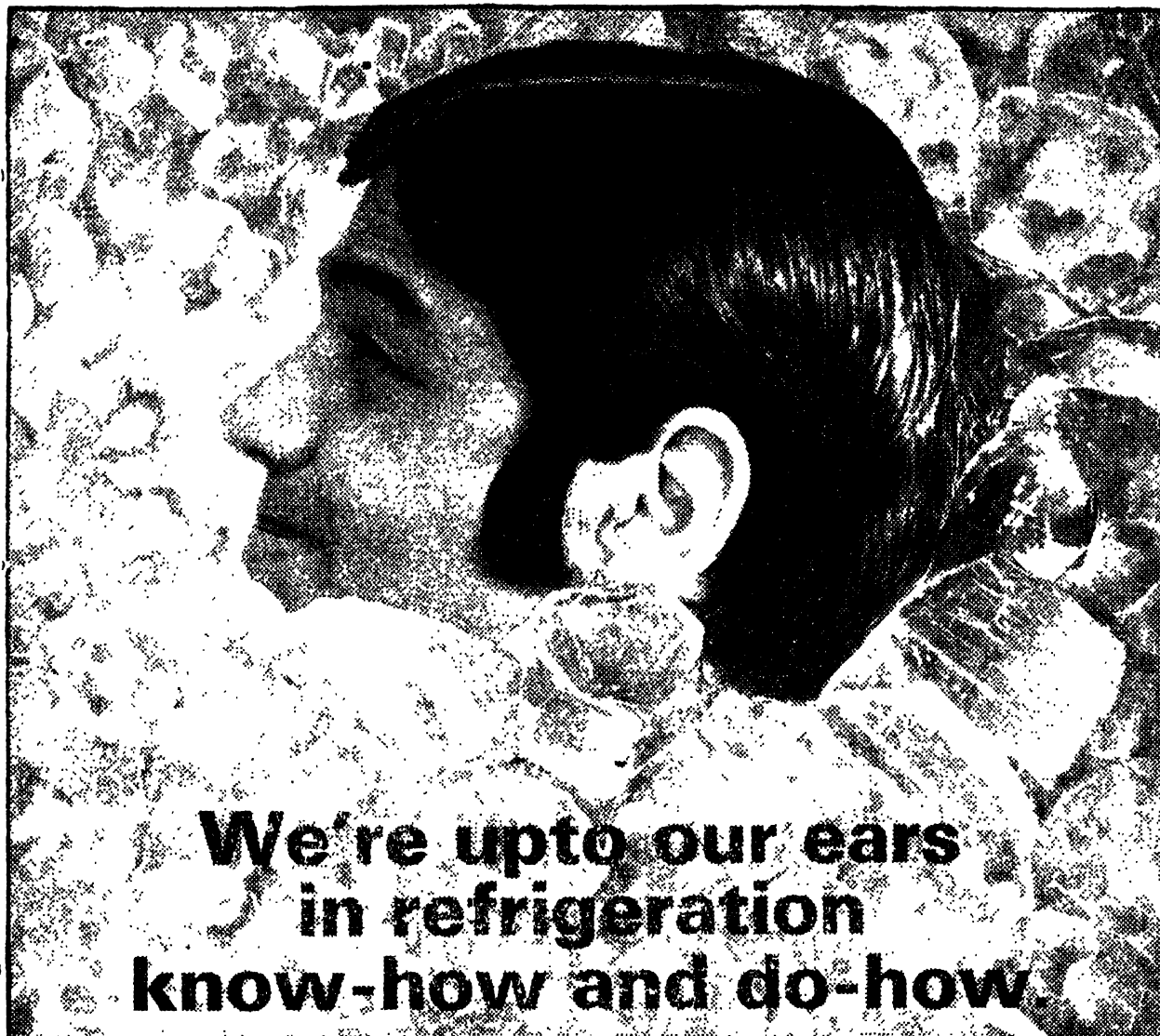
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New approach to industrial growth?

THE Government of India seems to be still debating over the socio-economic programme to realise the objectives so vociferously announced by the Congress (R) during the elections and after. There were many occasions for the Government to give clear indication of the programme if it was ready even in bare outline. The debate on the Motion of Thanks to the President's Address to the two Houses of Parliament, the debate on the interim budget and the AICC (R) session at New Delhi provided the occasions quite important for the announcement of such a programme. The leaders of the Government and the party, however, confined themselves to generalisations and exhortations. Mr Y. B. Chavan moved the resolution on "Pledge to the People" at the AICC (R) session. His main theme was that the election results had cast a heavy responsibility on the Congress (R) and if it failed to honour the pledges given to the people, history would not forgive it. This was also the burden of the speech of Mr Jagjivan Ram who piloted the resolution on "Tasks before the Party" at the session. Not only the leadership but even the more radical elements in the party confined themselves to old slogans of abolishing privy purses, fixation of ceilings and of restoring the supremacy of Parliament in amending the fundamental rights chapter of the Constitution. Even if one has to concede that from the point of view of ideology these demands have some substance, it is difficult to imagine how their implementation can help in the realisation of the main objective on which the election was fought, namely the abolition of poverty in the country.

Of all the speeches delivered in Parliament and at the AICC (R) session Mrs Indira Gandhi's alone appeared to show some conception of the dimensions of the tasks that lie ahead. In her reply to the debate on the President's Address she cautioned the people that the path to progress was hazardous and the progress would be necessarily slow because of the gigantic nature of the problem.

In another speech in the Rajya Sabha she said that production, prices and employment were inter-linked. Increased production could stabilise prices and create more employment. This clearly shows that in her opinion the crux of the matter lies in stepping up the rate of investment in the economy. This investment has to be employment-oriented and should be directed to those sectors of the economy that can produce goods in short supply today. Here is a formula which if properly implemented can go some way in the direction of the realisation of the aspirations of the people.

The problem is how to generate investible funds in the economy which can be canalised into employment-oriented units of production. The hurdle in this programme is clearly the present industrial licensing policy of the Government. It is said that the main objective of this policy is to ensure that there is no concentration of economic power in a few hands. Granting the desirability of such an objective it remains to be examined whether a fresh appraisal of the policy designed to achieve the end should not be undertaken. When the Monopolies and Restrictive Trade Practices Act was originally framed the banks had not been nationalised and therefore the Government had to depend upon physical control in order to achieve the desired results. After the bank nationalisation, however, it is possible for the Government to manage the bulk of the money in the country in a manner it considers best. Once this powerful tool is in the hands of the Government licensing loses much of its significance.

Again, it is a point worth considering whether a complete embargo on the larger industrial houses participating in employment-oriented activities is desirable. Theoretically there could be some justification in the argument that these houses should concentrate on sophisticated industries requiring huge capital investment. The question, however, needs to be asked whether under the present economic climate in the country the industrial houses

would be in a mood to undertake this kind of investment. Unless there is a sufficiently large market for the products of sophisticated industries no experienced entrepreneur would think of locking up his funds in these industries. We thus face the worst of both the worlds. On the one hand investible funds are lying idle with the larger industrial houses and, on the other hand, there is a great dearth of such funds for activities which have been given priority by Government policy-makers. Such a state of affairs should end. There are some indications that the Government is having second thoughts on these policies. Replying to a question in Parliament, Mr Moinul Huq Choudhury defended the recent issue of licences to larger industrial houses on the plea that they were meant for establishing industrial units in the backward areas. If this really means a change in the thinking of the Government it has to be welcomed. If a serious thought is given to the subject the Government would realise that there is no danger in allowing the larger industrial houses to establish employment-oriented units of production. This will serve the very purpose which the Prime Minister has been emphasising recently.

Of course, this is only a part of the solution. It is mainly the responsibility of the banking system to induce people to save. Fiscal measures can be of considerable help in this direction. The concessions so far given in the matter of taxation have not produced the desired results. Perhaps a time has come when there should be a clearer distinction between consumption and saving for the purposes of taxation. It must be worth the income receiver's while to forego his present consumption in order to reap better benefits later. This presupposes the maintenance of the value of the rupee over a period and also sufficient yield on savings to induce postponement of spending. Mr R. K. Talwar, Chairman of the State Bank of India, in a recent speech has advocated larger interest on deposits. This suggestion needs to be considered. There is also the larger question of credit planning so as to serve the needs of the economy. There is nothing new in these suggestions. But unless these problems are tackled on a priority basis, there would be loss of time which the Government leaders want to avoid. Now that we have a stable Government at the Centre, it is the duty of this Government to take decisions on all these matters at an early date and to stick to them for some time. This will be possible only if policies are formulated in the context of the realities of the situation as also of the objectives sought to be achieved.

Link-up for ancillaries

GOVERNMENT spokesmen have often lamented the slow growth of ancillary units in the country. The general charge has also been levied that large-scale units have shown little interest in the development of this sector which has carved for itself an important role in the industrial structure of the advanced countries such as the United States, Japan, West Germany and France. But there has been practically no attempt to go into the causes of the lag in the growth of ancillary industries and the lack of proper relationship between these units and the large-scale industrial sector. The recent conference on ancillary industries in Maharashtra, organised by the Maharashtra Economic Development Council, was thus of significance even though the area of its investigation was limited to only one State. The problems of the ancillary units in Maharashtra may not be identical to those of units in other parts of the country, but because of its industrial growth the State does serve as a representative unit for appreciation of the issues involved. With over 1,100 large-scale and 261 medium-scale enterprises and 12 public sector undertakings, Maharashtra offers large scope for the development of ancillaries. Such units have sprung up in the field of automobiles, industrial machine building, radio and electronics, oil engines and agricultural equipment industries, but they are mostly concentrated in four or five places including Bombay and Poona and produce goods worth not more than Rs 3 crores per year and employ only 20,000 persons. Also, just a little over 200 large-scale undertakings are served by them. These figures by themselves indicate the unexplored areas.

Surprisingly at the conference, entrepreneurs associated with ancillary units voiced no particular grievances against the large-scale units on the issue of building a relationship with them. They appear to be more concerned with the difficulties in securing raw materials and finance and the locking up of large funds in credits to buyers. There was the same haziness in their ideas about this relationship as with the large industrial undertakings in regard to the concrete measures that they can profitably devise to ensure the production of a large number of parts and components in the ancillary sector, assure a more or less stable market for the ancillary products, evolve procedures of standardisation and quality control and make available technical expertise at various levels. As a report by the Council based on a survey of about 100 ancillary industrial units in Bombay brings out, the large-scale parent units almost stop at making grievances against ancillary units in respect of irregular delivery schedules, lack of technical competence and non-adherence to standards, specifications and quality. The ancillary units on their part feel that there is no regularity or stability in the placement of orders by the parent units and that in negotiations more consideration is given to the price advantage than to the technical complexities of the job and the cost of production involved. Their complaint is that the parent units with a few notable exceptions are not willing to provide raw materials and technical assistance when the need for these is keenly felt by them. On top of this, they have to face financial difficulties because the large-scale units do not promptly clear the bills. Interestingly, as many as 41 of the 100 units surveyed said that each one of them had funds to the tune of more than Rs 1 lakh locked up in credits to the parent companies for up to two and three months.

In a large measure, the pace of development of ancillaries will be dictated by the link that they develop with the large-scale sector. This has been particularly evident in Japan where ancillary industries have been fostered by large-scale manufacturers who help them with guidance in management, technical know-how and also capital. It may be that such relationship is facilitated when there is mass-scale production, but this is not a necessary pre-requisite, and in France, for instance, the system of sub-contracting is adopted by all business enterprises regardless of the size of the units. What is essential to be acknowledged by the large-scale manufacturers is that the development of ancillaries is mutually advantageous. At the Bombay conference mention was made of Tata Engineering and Locomotive Co (Telco) and Kirloskar Oil Engines taking the initiative in helping 600 ancillaries to grow and of Escorts and Enfield India establishing industrial estates for captive ancillary units. Reference was also made to the efforts of 12 major public sector undertakings, including Hindustan Machine Tools, Bharat Electronics and Heavy Electricals, to develop ancillary industries. Such examples need to be multiplied and our large-scale units could even profitably take up the development of the existing ancillaries and help in the establishment of new ones by guaranteeing a definite and regular market for their products.

The Bombay conference also drew attention to two other hurdles in the way of growth of the ancillaries. By and large, the various institutions established by the Central and State Governments for promoting the small-scale sector would appear to have failed to help these units. There is widespread dissatisfaction over the way these institutions function, which suggests an urgent need for reorganisation of these institutions. There is also the feeling that the banking system, even after the nationalisation of 14 major banks, has not been particularly helpful to the small-scale sector. There may be an element of exaggeration in this and it could also be that the small-scale units do not measure up to the rigorous financial discipline which the banks expect them to follow. Essentially this is a problem of management, and the Bombay conference had proposed the creation of a separate organisation to render co-ordinated services to the small-scale entrepreneur. Whether this is a feasible proposition remains doubtful. More beneficial perhaps would be for the ancillaries to seek guidance from the parent organisations with which they are associated.

EVERY time I hear that the Annual Plan outlay would be stepped up, I remain unimpressed. This is a story of unfulfilled promises. This unfulfilment has two elements: one which a layman can easily understand and the other which remains usually beyond his comprehension. As for the first, what happens is that when a big figure is indicated as the Annual Plan outlay in the budget estimates, actual expenditure is much less than budgeted. While no one knows what exactly has been the Plan expenditure during the fiscal year 1970-71, it has been officially admitted that there was a shortfall in the expenditure. A significant part of the budgeted expenditure remains unspent because of the usual delays in the formulation and implementation of the Plan schemes. The other element is related to inflation. In money terms, the outlay in a particular year may be higher than that in the preceding year. But because of the gradual erosion of the real value of rupee, the increase is not as large as it appears in terms of the usual budgetary data which are always at current prices. This can be clearly seen from the following table:

(Rs in crores)

	At current prices	At 1965-66 prices
1965-66	2,291	2,291
1966-67	2,137	1,876
1967-68	2,205	1,735
1968-69	2,361	1,878
1969-70	2,270	1,741
1970-71	2,822	2,051

Thus for the fiscal year which has just ended, the budgeted Plan outlay was Rs 2,822 crores. On the face of it, this seemed to be 23 per cent above the 1965-66 level. But if we take into account the important fact that between 1965-66 and 1970-71 the prices increased by 38 per cent, it would appear that valued at 1965-66 prices, the 1970-71 Plan outlay would be only Rs 2,051 crores, i.e. 10.5 per cent less than the 1965-66 level of outlay. It is high time the Government took notice of this phenomenon. The least it could do is to stabilise prices so that the real value of the Plan outlay is not eroded by the shrinking real value of rupee. In the meanwhile, all figures of Plan outlay published in the Government documents should be in terms of prices of a base year, say 1965-66. This will give a real and objective picture of the Plan outlay year by year and put an end to the time-honoured dishonesty in regard to the exact magnitude of the Plan outlay.

★

The rich industrialised societies today are debating the issue whether the exclusive pursuit of economic growth is in tune with the quality of life. It is also asked whether the rise in national income is of any benefit to the weaker sections of Western societies. Growth also leads to pollution and other problems. So it is suggested that the yardstick of growth might have to be abandoned in favour of other life-enhancing considerations. The OECD Secretary-General has also participated in this debate. I found his following observations stimulating:

(1) *First of all, the increase of production (and of income), while it is not an end in itself, is an essential means for satisfying man's needs in many fields. To escape from poverty, from under-nourishment, to give everybody a job, a home, a proper education, and better medical attention—these are priority social aims which can be*

satisfied only by increased national wealth. Moreover, because of growing population, a rising GNP will be needed merely to sustain present living standards and to avoid a decline in social well-being. (2) Secondly, even if it were somehow possible to limit growth, it does not follow that this would automatically restore a good physical environment. We would still be faced with current levels of air and water pollution, noise, crowding and congestion; at most we might succeed in arresting the process of further degradation. The solution, I believe, is not to abandon growth but to encourage growth of the right kind by wisely allocating our limited resources; not to curtail production but to create new mechanisms and institutions which would more effectively cope with the "externalities" which presently are not taken into account in the framework of our market mechanisms.

★

Talking with a knowledgeable banker the other day, I came to know about some unorthodox methods that the Chinese are adopting to promote exports. Having learnt that Bleeding Madras is very popular in West Asia, the Chinese started printing similar designs. For textiles in general, their price quotations were put down in a simple formula—5 per cent less than the Indian quotation. And finally, in a bid to earn the maximum possible foreign exchange, they started taking shiploads of consumer goods to the West Asian countries and auctioning the goods on the spot in the port towns. Whether one approves of these methods or not, the net result has been that the Chinese are gaining in these markets at the expense of India. One should not complain about the Chinese method. They are promoting their own national interests. I would, however, certainly complain that we are not promoting our national interests with the same vigour and resourcefulness. Despite all this fanfare of export promotion, we have lost a good part of our exports because of our policy of drift. My banker friend made two suggestions about promoting our exports in the West Asian countries. First, we should open a large number of warehouses in these countries. If we did this, we can sell our goods on the spot. Secondly, we should open a chain of branches of Indian banks to promote our exports to these countries. Of course, there is no substitute for an aggressive salesmanship on the spot in these markets. But if these two facilities are provided, aggressive salesmanship can give us quick and spectacular results and it is only then that we can fully reap the two advantages that we potentially enjoy in these markets, viz geographical proximity and consequent smaller transport cost.

★

Is industrial research in the United States being reoriented to the needs of the balance-sheet? The American business magazine *Fortune* reports that after the boom in industrial research which resulted in a four-fold increase in the corporate spending on basic and applied research during the period 1955-70, it is changing its direction. Business executives are engaged in tackling the baffling job of improving research management. A few pro-

grammes of fundamental research are being dropped and the focus on research is now tied more closely to corporate goals. There is a definite retreat from basic research. Now the slogan is more applied research for quick profits. *Fortune* is concerned about this tendency because of the fact that the Federal Government of the United States is also drastically reducing its research efforts. This trend is considered disturbing because there may not be enough fundamental work in the seventies to provide the base for applied research—new products and profits—in the eighties. It is no coincidence that industries which had a dismal record in research such as rail roads, steels and textiles are now asking for governmental help to overcome their weaknesses in their markets.

Fortune also makes the following observation about the management of scientific personnel:

One of the trickier problems facing managers of industrial research is handling the people who do it. It isn't that researchers are otherworldly tinkers indifferent to the profit motive. But workers at the laboratory bench are different from their counterparts in sales, finance or production. . . . Scientists tend to resist the usual rules on appearance as a trivial and unnecessary infringement of their personal freedom. Theodore Cairns, the assistant director of Du Pont's central lab, advises: "Don't worry about the time your researchers come to work or whether they were sneakers. That's about as much I know about management." Research specialists also balk at taking detailed directions from non-scientists and demand that they be judged professionally only by their peers. While they are rigorously systematic in their investigative methods, they tend to be highly informal in professional relationships. The most valuable information exchange among these bright minds frequently takes place across the lunch table or over a game of chess. . . .

★

The crash of Rolls-Royce shook the British people as much as some defeat in a theatre of war. Rolls-Royce was a symbol of British excellence. The word Rolls-Royce was therefore as great as Union Jack and the English Monarchy. The racist Conservative leader, Mr Enoch Powell who is also an unorthodox thinker has made some perceptive comments on the crash of Rolls-Royce. He said that the belief that prestige can be separated from success was one of the symptoms of Britain's decline. Mr Powell then made these stimulating observations:

Above all, the confusion between patriotism and profit, between sentiment and business—if you like between the nation's hobbies and the nation's work. Thus the truth was perilously forgotten that it is as harmful to do a job too well as to do it too badly, but there is no more virtue in craftsmanship, for its own sake, than in slovenliness for its own sake; that the best job is the job that yields the best return, and he who does more is depriving himself and his fellows as surely as he who does less; that there is no argument in favour of pursuing an old calling if the same resources will earn more profit in new ones.

MARKET GOSSIP

New image for FICCI?

THERE is an undercurrent of anxiety among some businessmen in Bombay as the date for the election to the 60-member executive committee of the Federation of Indian Chambers of Commerce and Industry due next week draws nearer. It is recognised that the Prime Minister and the Ruling Congress have emerged stronger after receiving the mandate in the general elections. In the changed circumstances, trade and industry has to establish a new rapport with the decision-makers in Delhi who are committed to certain economic programmes. Some wonder to what extent the FICCI would be able to achieve this task. This is because some of the leading lights of the Federation were associated with political groups with whom the Prime Minister had waged a bitter struggle in the past. Fears are entertained in Bombay that the association of such elements with the policy-making body of the FICCI may not be helpful for the cause of trade and industry in any future dialogue with the Government. The Finance Minister, Mr Y. B. Chavan's outburst at an election victory meeting in Bombay against industrialists who had supported an independent candidate against the Congress is also thought of as an indication of the way the wind may blow in future. The businessmen are, therefore, debating whether it would be advisable to elect persons whose political leanings in the past may cause needless friction between the industry and the Government.

The elections are being held on the basis of an amended constitution. The FICCI has 220 associations of trade and industry as its members. They have to elect 20 members representing trade sector and 20 to represent industries. There are also over 400 associate members with a voting strength varying from one to three each who elect 20 members of the executive committee. These are mostly representatives of the major industry houses that are still remaining with the FICCI. A section of businessmen thinks that if the Federation continues to be dominated by some groups it would affect its representative character.

Another look at licensing

THE new Minister for Industrial Development, Mr Moinul Haq Choudhury, has talked of a "flexible approach" towards implementing the Government's industrial licensing policy. The Prime Minister has also talked in terms which would suggest that the Government would like to follow a pragmatic policy in regard to industrial growth. Reports have it that Mrs Gandhi believes that some improvements could be brought about in the licensing policy. She is said to have asked the well-known economist, Prof P. N. Dhar, to go into the origin and development of the licensing policy and make recommendations to remove the hardships associated with it. Prof Dhar is said to be already engaged in this task and is busy going round the various Ministries concerned in the fulfilment of the assignment given to him.

Whether Prof Dhar's report will help inject a flexible and pragmatic approach into the industrial licensing policy, in the search of which Mr Choudhury is engaged, remains to be seen. But the fact that the Prime Minister has thought it fit that Prof Dhar should have a look at the licensing policy suggests that the Government feels that the grievances voiced against the operation of this policy are at least worthy of being examined.

Costlier capital

THE capital market has certainly been more responsive in recent months. This is evident from the capital issued during the first three months of the current year. The amount of Rs 11.7 crores was considerably higher than the figure of Rs 9.3 crores issued during January-March last year. There is another factor which also points in the same direction. Excluding bonus shares, consents for capital issues by 29 companies aggregated Rs 21.7 crores during January-March 1971 compared to Rs 13.3 crores by 12 companies in January-March last year.

At the same time, the cost of raising capital is going up. Latest data are not available. But during 1969-70, according to the official Annual Report on the Working and Administration of the Companies Act, 1956, the cost of raising capital for an amount of Rs 43 crores, of which Rs 41.4 crores was offered to public, worked out to Rs 1.84 crores. This amount included expenses such as underwriting, commission, brokerage, advertisement expenses and legal charges incurred by the companies issuing new capital. In terms of percentages, the cost of raising capital worked out to 4.3 for the total amount issued and 4.4 for the amount offered to the public. In the previous year, issue expenses in respect of the total amount raised worked out to 3.2 per cent and for the amount offered to the public to 3.3 per cent.

A further interesting point is that it is much more costlier for the new companies to raise capital than for the old companies. Of the Rs 43 crores, total amount issued by the new companies was Rs 3.69 crores and the amount offered to the public was Rs 2.97 crores. The total issue expenses worked out to Rs 17.7 lakhs, which meant that for the new companies the cost of raising capital as a percentage of the amount offered to the public was 6 for the new companies compared to 4.5 per cent for shares and 4.3 per cent for debentures issued by the old companies. There is also the point made in this report that at least during 1969-70 the response of the public to the capital issues was not that good. Of the total amount of Rs 41.4 crores offered, only Rs 11.78 crores or 28.5 per cent were subscribed by the public, while the underwriters subscribed either as investors or underwriters Rs 29.53 crores or 71.3 per cent of the capital offered. Public response was better towards equities than towards preference shares and debentures. While equities worth Rs 7.15 crores out of the total of Rs 10.76 crores were bought by the public, in regard to preference shares the subscription

amounted to only Rs 93 lakhs towards a total of Rs 4.44 crores and that for debentures was Rs 3.70 crores against Rs 26.20 crores offered.

RBI relets

THE Reserve Bank's decision last year that commercial banks should make a commitment charge at the rate of 1 per cent per annum in respect of the unutilised portion of credit limits of Rs 10 lakhs and above was no doubt a good measure of enforcing fiscal discipline. But the stipulation that the unutilised portion of credit limit should be taken as the difference between the maximum limit of utilisation during any quarter as indicated by the borrower and the average amount utilised by him in the said quarter resulted in some difficulties. The RBI has, therefore, done well to change this stipulation and permit the borrowers to indicate their maximum requirement on a monthly basis instead of on a quarterly basis. No commitment charge will be levied by a bank if the average monthly/quarterly utilisation does not fall short of 95 per cent of the maximum monthly/quarterly requirements indicated by borrowers. The new procedure also lays down that no charge should be levied in excess where drawings by parties exceed the indicated limits by not more than 5 per cent for a period not exceeding one week. This change has been effected to bring about uniformity in the procedure for charging penal rates on excess drawings.

Declining sugar stocks

THE problem of carryover stocks has been worrying the sugar industry for the past two years. The current season began with a carryover of 20.8 lakh tonnes as against 13 lakh tonnes in 1968-69. The Government did not come to the rescue of the industry in the manner the industry had sought, namely, building up of a buffer stock. However, there are indications that much of the pressure for funds on account of stocks with the industry may decline. The despatches of sugar in the current season, from the beginning of October to February 22, indicate that nearly 15 lakh tonnes went to the domestic markets and another 1.13 lakh tonnes were absorbed by exports. Thus the despatches are higher by 3.75 lakh tonnes as compared to the corresponding period in the 1969-70 period. As it is, the stocks with the industry were 27.5 lakh tonnes as on February 22. These stocks were no doubt higher by 4.8 lakh tonnes as compared to the position a year ago. But then if the fact that stocks at the beginning of the season this year were higher by 7.8 lakh tonnes is taken into account, it would appear that sugar is moving faster out of factory godowns than during the last season. Sugar production this year may be less by about half a million tonnes as compared to that of the preceding season. With higher despatches of sugar and somewhat lower production, the size of carryover stocks is bound to decline.



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SURVEY

DEFECTIONS TO SAFE HAVEN

THE developments in a number of States after the mid-term elections seem to suggest that we are yet far away from stable government, at the State level. Before the elections defections were either due to lure of position or, in some cases, it is alleged lure of money. After the elections, however, the motivations for defections have changed. Some of the politicians seem to think that they were in a wrong camp and if they wanted to advance in their political career they could do so only by joining hands with forces that have a popular appeal today. To be more frank, they want to leave the ship which they think is sinking and want to take refuge in a safe haven. Given the logic of political activity, this desire is understandable. But these aspirants to power and position at any cost have to reckon with the resistance of those who already occupy a vantage position. This seems to have happened in Mysore and perhaps also in Gujarat. At the moment the Congress (O) is back in power in Gujarat. This has been made possible by a few of its members who had defected returning to its fold. It remains to be seen whether the present strength of the ruling party will stabilise at 81 in the House of 164. If there are defections again it will be necessary to appeal to the electorate and to get its verdict not only on policies but also on people who might have vacillated too long. Reports on Wednesday have suggested that Congress (R) might form a Government in Mysore. But, as in Gujarat, it remains to be seen whether stability will be restored there or a fresh election will have to be held. It is unlikely that a poll, even if essential, will be held before 1972. The picture there, too, thus still remains unclear. []

MORE OF JANATA CLOTH

THE Government's concern for ensuring cloth at reasonable prices to the lower strata of the community can be appreciated. But whether this will be best achieved by increasing steeply the production of controlled varieties of coarse and medium varieties of cloth is doubtful. The Foreign Trade Minister, Mr. L. N. Mishra, has announced that the reserved quota for such varieties will be raised from the present 25 per cent of a mill's capacity to 40 or 50 per cent and that, in order to ensure that the mills fulfil their obligation, the penalty for non-fulfilment of the reserved quota will be increased from 6 paise to as much as 25 paise per metre. For one, such a proposal assumes that the market for coarse and medium cloth is much larger than what is being met at present. This assumption itself rests on slippery ground. Increasingly the mills have been producing finer varieties of cloth and these are being absorbed despite their higher prices because the consumer tastes have changed. The growing share of the costly man-made fibres in the textiles market would go only to confirm this. There is also the fact that many of the mills are finding that their best cus-

tomers for quality cloth are the rural areas in the country which have benefited by the green revolution.

This apart, Mr. Mishra seems to have overlooked the economics of the textile industry which, under the new policy, will have to devote almost half of its production to cloth, the prices of which have been pegged to the 1968 levels. Mr. Mishra has himself admitted in Parliament that the prices of raw cotton have shot up recently and has said that the Government had devised measures to arrest this rise in prices. In fact, he listed in the Lok Sabha some seven steps planned by the Government, including import of 10 lakh bales of cotton and 1.5 lakh bales of staple fibre, to control the prices of the fibre. Higher prices of cotton should mean higher costs of production for cloth. And yet, Mr. Mishra believes that the mill industry should produce more of controlled cloth without being compensated for the higher costs of production. Such a development could only mean that the Government expects the mills to recover their losses on the controlled cloth from uncontrolled varieties, the prices of which, according to Mr. Mishra himself, have risen in some cases by nearly 26 per cent between last December and February this year. Further loading of prices of these varieties could only result in a decline in their consumption which, together with the losses suffered by the industry on controlled cloth, would ultimately find a reflection in the employment provided by the industry. Mr. Mishra could at least make sure that production of coarse and medium cloth, equivalent to half the capacity of the cotton mills industry, will be absorbed by the market before going ahead with his plans. []

A BUDGET FOR COMPANIES

THE deficit Budget of Mr. Anthony Barber, Chancellor of the Exchequer, placed before the British Parliament on March 30 was generally welcomed by both the Conservatives and Labour. The Budget included what was described by Mr. Barber as "the most comprehensive and far-reaching reform of the tax system of the century". The measures announced by Mr. Barber reflected some cautious deflationary approach to tackle the vexed problem of cost inflation and high rising unemployment. According to Mr. Barber, the broad aim of the Budget should be an addition to demand which would be adequate to raise the rate of expansion of output to the rate of growth of productive potential of about 3 per cent per annum. He argued that the Budget alone could not provide the answer to cost inflation and justified his budgetary strategy of tax reliefs for companies and the better-off. The counter-inflationary measures proposed by him were based on the belief that, instead of aids at present to lower further the pressure of demand, the need was for greater confidence in the future progress of the economy. While concessions and reductions announced one after another were received by the treasury benches with great applause, they took much of the wind out of the sails of the

Opposition Labour leaders. In fact, the confidence and the refreshingly new style of the Budget of Mr. Barber stunned the Opposition. Mr. Wilson, the Opposition Leader, however, maintained that Britain was sliding down into a deep recession and the Budget had nothing to arrest this.

Some of the important concessions announced by Mr. Barber were (i) concessions to tax-payers with two children, (ii) increase in old age pension, (iii) old persons tax exemptions, and (iv) a higher limit for estate duty; reduction in selective employment tax and corporation tax; abolition of stamp duty on mortgages and short-term capital gains tax. There were other proposals envisaging the abolition of the longer-term selective employment tax and purchase tax which were to be replaced by a value-added tax and sur-tax phased out to replace the graduated income-tax. These proposals will also have the effect of bringing Britain's tax arrangements more into line with those of the European Common Market, of which she may be a member by 1973. Among the more radical reforms announced by the Chancellor is the complete elimination of the selective employment tax from April 1973. This tax, together with purchase tax which is levied on a restricted range of commodities at the point of sale, will be replaced by the value-added tax, which will bring Britain into line with most other West European countries. Yet, another "root and branch" reform introduced is in the personal direct taxation which will bring about considerable administrative savings and offer more incentive to the individual tax-payer. The changes proposed in the company taxation are expected to remove the tax discrimination existing under the present structure of the corporation tax against distributed profits.

The trade unionist, Mr. Victor Feather, conceded that it was a courageous Budget but regretted that it offered "precious little" to lower income groups. He feared that the Budget gave scope for diversion of the tax concessions given to industry to increasing dividends and profits instead of stimulating the needed growth and increasing demand which was the best incentive to invest. The Budget, however, left a big deficit of £600 million and in terms of public sector spending it is £1,200 million. The measures announced by Mr. Barber will make a cut in revenue of £546 million in 1971-72 and about £680 million in a full year. The treasury estimated that the proposals would add £250 million to demand by the end of 1971-72 and secondary influences would raise this to £350 million. []

STATE BUDGETS

Tamil Nadu

MR. M. Karunanidhi, the Chief Minister of Tamil Nadu, who is also holding the Finance Portfolio, presented the interim budget for 1971-72 to the State Assembly on March 25, 1971. The revenue receipts

are estimated at Rs 338.70 crores and the revenue expenditure at Rs 349.60 crores. The revenue account shows an overall deficit of Rs 10.90 crores. After taking into account the capital receipts and disbursements, the overall position shows a deficit of Rs 12.25 crores. The Chief Minister has not proposed any new taxes to cover the deficit. The important provisions in the interim budget are an expenditure of Rs 79.11 crores on education; Rs 20.53 crores for medical aid; Rs 8.48 crores for irrigation; Rs 14.65 crores for water supply schemes (including the Veeranam scheme) and Rs 31.51 crores for power development. The Planning Commission had proposed an outlay of Rs 80 crores for the 1971-72 Annual Plan of the State, but the State Government had insisted on a minimum outlay of Rs 100 crores. The budget, however, provides for a Plan outlay of Rs 91.1 crores in the State sector and Rs 11.7 crores in the Central sector.

Madhya Pradesh

THE Chief Minister, Mr S. C. Shukla, who also holds the Finance portfolio, presented a taxless deficit budget for 1971-72 to the State Assembly on March 22. The revenue receipts are placed at Rs 257.10 crores and the expenditure at Rs 238.55 crores. Thus, the revenue account shows a surplus of Rs 18.55 crores which is offset by the deficit of Rs 28.60 crores on capital account. The Chief Minister pointed out that the big deficit on capital account is the result of larger Plan spending. As a result, the overall deficit will be Rs 10.05 crores. The Chief Minister has, however, made no proposals for fresh taxation. The overall deficit will be further pushed up by Rs 6.65 crores to Rs 16.70 crores on account of the interim relief granted to the State Government employees. The 1971-72 Annual Plan outlay has been fixed at Rs 91 crores, implying a 21 per cent increase over the anticipated plan expenditure of Rs 75 crores in 1970-71.

Assam

THE budget for 1971-72, presented to the State Assembly by the Finance Minister, Mr K. P. Tripathy, reveals an overall deficit of Rs 30.26 crores. The revenue receipts are placed at Rs 114.36 crores and the revenue expenditure at Rs 120.31 crores, showing a deficit of Rs 5.95 crores. The capital account with receipts at Rs 117.19 crores and expenditure at Rs 131.50 crores shows a deficit of Rs 14.31 crores. No new taxes have been proposed and the entire deficit of Rs 20.26 crores has been left uncovered. The Finance Minister said that in view of the industrial backwardness of the State there is hardly any scope for additional taxation. "The Government would, however, endeavour to step up realisation of arrears, and to restrict unproductive expenditure. Nevertheless, the deficit would not be reduced to any appreciable extent. The Finance Minister hoped that the Central Government would render more assistance. The Annual Plan outlay for 1971-72 has been fixed at Rs 42.21 crores for the State which is higher only by 5 per cent than the current Annual Plan's anticipated expenditure. Top priority has been given to irrigation and power for which Rs 13.44 crores have been provided. A sum of Rs 6.44 crores has been provided for the development of the hill areas.

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	Mar. 20, 1971	Mar. 13, 1971	Feb. 20, 1971	Mar. 21, 1970	Over a week ago	Over a month ago	Over a year ago	Over two years ago
Food articles ..	200.3	203.8	198.5	200.1	-1.7	-0.9	0.1	7.8
Industrial raw materials ..	192.3	192.9	199.8	189.8	-0.3	-3.8	1.3	13.1
Manufactures ..	100.7	100.2	100.6	149.0	0.3	-0.1	7.9	15.9
All Commodities ..	181.0	182.4	181.1	176.3	0.8	-0.1	2.7	10.0

Money and Banking

(Rs crores)

	Mar. 19, 1971	A week ago	A month ago	A year ago	Percentage variation		
		Mar. 12, 1971	Feb. 19, 1971	Mar. 20, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply ..	7,078 (a)	7,109 (a)	7,040 (a)	6,371	-0.4	0.5	11.1
Bank credit ..	4,674	4,664	4,643	3,971	0.2	0.7	17.7
Bank deposits ..	5,843	5,843	5,867	5,028	..	0.4	16.2
Credit/deposit ratio ..	79.99	79.82	79.14	78.97	..	..	..
Foreign exchange reserves ..	760 (c)	781 (c)	768 (c)	821	-2.7	-1.0	-7.4

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/ Index			
Industrial production (seasonally adjusted) ..	1960=100	Oct. 70	177.7	178.2	-0.3	4.6
Exports ..	Rs crores	Dec. 70	151	138	9.4	6.6
Imports ..	Rs crores	Dec. 70	132	136	-2.9	-1.4
Trade balance ..	Rs crores	Dec. 70	+19	+2	..	..
Foreign exchange reserves ..	Rs crores	end-Mar. 71	760 (c)	821 (c)	-7.4	-1.8
Cost of living index ..	1960=100	Jan. 71	184	186	-1.1	4.0

ANNUAL INDICATORS

	Unit	1969-70	1968-69	1964-65	Percentage variation in 1969-70 over 1968-69	Annual rate of growth between 1964-65 and 1969-70
National income at 1960-61 prices ..	1960-61=100	134.4 (a)	127.4	110.7	5.5	2.8
Per capita income at 1960-61 prices ..	1960-61=100	108.0 (a)	104.9	108.7	3.0	-0.1
Agricultural production ..	1949-50=100	167.9 (a)	159.2	159.4	5.8	1.0
Foodgrains production ..	Mill. tonnes	99.5	94.0	89.0	5.8	2.3
Industrial production ..	1960=100	174.6	163.7	144.8	6.8	3.9
Exports ..	Rs crores	1,409	1,364	1,286 (b)	4.1	1.9
Imports ..	Rs crores	1,508	1,909	2,126 (b)	-17.9	-5.9
Trade balance ..	Rs crores	-159	-556	-840 (b)	..	..
Foreign exchange reserves (year-end) ..	Rs crores	821	577	393	42.3	15.0
Money supply (average) ..	Rs crores	6,009	5,428	3,866	10.7	9.2
Bank credit (average) ..	Rs crores	3,588	3,107	1,808	15.3	14.7
Bank deposits (average) ..	Rs crores	4,731	4,079	2,467	16.0	13.0
Wholesale prices (average) ..	1961-62=100	171.5	165.4	122.3	3.7	7.0
Cost of living index —working class ..	1960=100	177	174	129	1.7	6.5

Notes:

- Estimated by Commerce Research Bureau.
- At post-devaluation rate.
- While estimating foreign exchange reserves, SDRs transactions that might have taken place after January 1, 1971 have not been taken into account.
- The figures indicate percentage change during the current calendar year upto the month indicated as compared to corresponding period in the preceding calendar year.

THE WEEK

MR. Hitendra Desai was sworn in by the Governor, Mr. Shriman Narayan, on April 7 as Chief Minister of Gujarat. This was made possible by the support of 14 Swatantra MLAs, 1 Jana Sangh and 3 independent members, to the 81-strong Congress (O) Legislature Party. Earlier the Leader of the Opposition, Mr. Kantilal Ghia, gave up attempts to form a government saying the Congress (R) had not acquired an absolute majority in the House.

Fighting continued during the week in Bangla Desh between the supporters of Sheikh Mujibur Rahman and the West Pakistani army. Meanwhile, the Soviet President, Mr. Nikolai Podgorny, sent a message on April 4 to the Pakistani President, Gen. Yahya Khan, appealing for urgent measures to "stop the blood shed and repression against the people of East Pakistan". This appeal was promptly turned down by the Pakistani President.

Mr. D. Sanjivayya was unanimously elected President of the Ruling Congress at the AICC session on April 3 in New Delhi.

A 25-member non-Marxist coalition Ministry headed by the Bangla Congress President, Mr. Ajoy Kumar Mukherjee, was sworn in on April 2 in West Bengal.

A 7-member Congress (R) Cabinet headed by Mr. Kamalapati Tripathi, was sworn in on April 4 in Uttar Pradesh.

A 14-member United Front coalition Ministry headed by Mr. Biswanath Das, former Governor of Uttar Pradesh, was sworn in on April 3 in Orissa.

Mr. M. R. Masani resigned on April 3 as President of the Swatantra Party.

Dr. Hemchandra Gupte of Shiv Sena was elected Mayor of Bombay with the support of the Congress (O) on April 2.

The Ministry of Company Affairs decided on April 6 to allow under the Monopolies and Restrictive Trade Practices Act vertical mergers of companies which result in greater efficiency in industry and lead to reduction in cost of production.

An agreement was signed on April 3 by the Indian Oil Corporation with Sojuznefteexport, the Soviet oil export organisation, for the import of 400,000 tonnes of kerosene from the Soviet Union till December this year.

A contract was signed in Bombay on April 6 between the Shipping Corporation of India and Hindustan Shipyard, Visakhapatnam, for five cargo liners of 13,400 dwt each for a total value of over Rs 20 crores.

A fast 18 knot cargo liner propelled by an M.A.N. supercharged diesel engine of 13,596 dwt m.v. Jalamanagala was delivered to the Scindia Steam Navigation Co Ltd by the builders VEB Warnowwerft, Warnemunde, GDR, on March 26.

A new PL 480 agreement was signed on April 1 between India and the US for the supply of 1.57 million tonnes of wheat, 250,000 bales of cotton and 75,000 tonnes of vegetable oil valued at \$150 million (Rs 112.5 crores).

An agreement was signed by India with the Soviet Union in New Delhi on April 5 for the import of one lakh bales

of cotton which would be converted into textiles and re-exported to the Soviet Union.

The Reserve Bank of India modified with effect from April 1 the procedures governing levy of commitment charge by scheduled commercial banks in respect of unutilised portions of credit limits. The modified procedure allows banks to permit borrowers to indicate their maximum requirements on a monthly basis instead of on a quarterly basis. No commitment charges will be levied by the banks if the average monthly or quarterly utilisation does not fall short of 95 per cent of the maximum monthly or quarterly requirements indicated by borrowers.

The Bombay High Court stayed on April 2 an order of the City Civil Court invalidating the election of Mr. L. C. Kapadia and Mr. N. C. Kapadia to the Board of National Rayon Corporation. The High Court while admitting an appeal against the City Civil Court order allowed Kapadia to continue to act as directors of NRC.

The Japan-Arabian and Persian Gulf-Japan Conference has deferred its proposed freight hike on India's exports. The Conference which originally notified an increase of 15 per cent effective from April 1 has decided to reduce it to 12.5 per cent effective from June 1.

The Spanish Bank rate was reduced from 6.25 per cent to 6 per cent on April 3.

The Dutch Bank rate was cut on April 2 from 6 per cent to 5.5 per cent.

The Italian Bank rate was cut from 5.5 per cent to 5 per cent with effect from April 5.

The Argentine peso was devalued on April 5 by 1 per cent as a "crawling peg adjustment" to keep it in line with other currencies.

In Parliament

The Lok Sabha adjourned *sine die* on April 2.

The Minister for Industrial Development, Mr. Moinul Haq Choudhury, clarified

on April 5 in the Rajya Sabha that he did not propose to make any changes in the industrial licensing policy.

The Rajya Sabha adjourned *sine die* on April 7.

Money unchanged

Conditions were tight in the short-term money market as of Tuesday. Demand for funds was maintained and interest rates closed firm. In the inter-bank call section, both renewals and fresh money were reported at 10 per cent. In the Calcutta market also the rate ruled at 10 per cent.

Price index down

During the week ended March 20, 1971, the Index Number of Wholesale Prices showed a seasonal decline of 0.8 per cent. However, at this level, the price index was 2.7 per cent higher than its level a year ago.

PEOPLE

MR. B. N. Adarkar, Custodian of Central Bank of India, has been elected Chairman of the Indian Banks Association for 1971. Mr. M. G. Parikh, Custodian of Bank of Baroda, and Mr. K. P. J. Prabhu, Custodian of Canara Bank, have been elected Deputy Chairmen. Mr. C. V. Joag, Custodian of Bank of Maharashtra, will be the Hon. Secretary.

Mr. Laldas Jamnadas and Mr. Rasiklal Maneklal have been elected President and Vice-President, respectively, of the Bombay Stock Exchange.

Mr. N. A. Palkhivala has been elected President of the Income-tax Appellate Tribunal Bar Association for 1971-72. Mr. S. P. Mehta and Dr. R. C. Cooper have been elected Vice-Presidents.

Rear Admiral B. A. Samson (Retd) and Mr. Bharat G. Doshi have been elected Chairman and Deputy Chairman respectively of the Indian Engineering Association (Western Region) for 1971-72.

Mr. A. Ramaswamy Mudaliar has been elected President of the newly-formed Association of Shipping Interests in Calcutta.

50 years ago

According to Mr. Austen Chamberlain, in a memorandum presented by the Board of Inland Revenue to the Committee on War Wealth, the national possessions increased by £4,000,000,000 between 1914 and 1919. This practically approximates to half of the war debt. The Board of Revenue is of opinion that a great part of this new wealth can be got from the individuals who possess it; but the Board does not underrate the difficulties of the process. It is suggested that the most stringent penalties are necessary against invasion. It is also stated that the levy on fortunes must be limited to above £5,000, legitimate savings made in the five years of the war being exempt. It has also been suggested that a national contribution of gold ornaments should be asked for, and that failing a ready response from the

possessors, a levy should be made. The House of Commons recently considered this matter on a question raised by Viscount Curzon; but Mr. Chamberlain said he had come to the conclusion that the disadvantages attached to the proposal would outweigh any possible benefit that could be expected although the serious financial position would seem to authorise the advisability of a levy upon plate, trinkets and other articles made of gold and silver, with a view to restoring credit by the redemption either by voluntary subscriptions or by a forced levy. This method of raising the wind, the proposed introduction of which discloses the gravity of the situation, would be impossible in India, although the hoarded wealth in this country is incredible and probably transcends the British wealth tenfold.

COMMERCE

April 8, 1921

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The Smile:

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The Arms:

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The Hands:

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REPORT

THE NATION

From Our Own Correspondents

AICC (R) SESSION

A firm attitude on East Bengal?

NEW DELHI

AS expected the grim developments in East Bengal cast their shadow over the two-day AICC (R) session in New Delhi last week-end. The lack of interest of the members of the AICC in the first day's proceedings, which were confined to domestic and party matters, was primarily because they were exercised over the terrible happenings in East Bengal. This became evident the following day when the resolution on the situation in East Bengal, moved by Mr Swaran Singh, gave them an opportunity to voice their heart-felt pain and indignation over the brutal killing of the people of East Bengal by Pakistan's armed forces. The debate on this matter was marked by highly emotional speeches, the recurring refrain of which was that the Government should not delay any longer the recognition of Bangla Desh as a sovereign State. Thus the session which began on a subdued note became emotionally surcharged towards the end.

Though the resolution adopted on East Bengal was the same as that passed by Parliament a few days earlier, it acquired a telling aspect because of the absence of the cautious note that is generally associated with Mr Swaran Singh's speeches on international problems and the effective prologue of the Prime Minister to the debate on the resolution. Both counselled patience so far as recognition of Bangla Desh was concerned pointing out that the timing of such action was crucial not only to India but the people of Bangla Desh also. Mr Swaran Singh said the matter was before the Government but for every action there was an appropriate time. He added that by hastening the pace the main purpose of such action would be defeated. Mrs Gandhi, who spoke after the resolution on East Bengal had been adopted, said more or less the same thing on the question of recognition but went a step further than in Parliament when she declared that "it would be neither proper nor possible" for India to keep quiet about the happenings in East Bengal. She dismissed the charge of interference in the internal affairs of Pakistan and justified India's interest in East Bengal developments because of their impact on this country and her desire to help the people there as both Hindus and Muslims were the sufferers.

Apparently Mrs Gandhi had been encouraged to take this firm stand by some success that has attended India's efforts to mobilise world opinion against the atrocities perpetrated by the Pakistani military regime against the people of East Bengal. The strongly-worded appeal of the Soviet President, Mr Podgorny, to President Yahya Khan to stop the bloodshed and persecution of the people of East Bengal and seek a political settlement of the problem is a significant and timely gesture in that it may induce other major powers to

take a less legalistic view of the developments in East Bengal. If that happens, the scale of brutalities that are being perpetrated by the military junta in East Bengal might be reduced and India thereby would have rendered some service to the people there.

As stated earlier, the other resolutions evoked little interest among the members of the AICC. After a day-long debate on the first day three resolutions were adopted—one on pledge to the people, the other on tasks before the party and the third on Harijan welfare. Normally the AICC used to adopt some specific economic and political resolutions but it made a departure this time because, as Mr Y. B. Chavan, who moved the resolution on pledge to the people put it, the Congress party manifesto which had been supported by a large majority of people constituted its political and economic resolution. It assured the people that the Government at the Centre and in the States would carry out various legislative, administrative and constitutional measures for implementing the programmes set out in the manifesto. The word "constitutional" was incorporated in the resolution through an amendment by Mr Mohan Daria in response to the demand from several members that constitutional amendments should be made without delay to remove the obstacles in the way of removing

poverty and reducing disparities in wealth and income.

The debate on the resolution revealed that delegates were not inclined to criticise the leadership or find fault with the Government. The dominant theme of all speeches was that a heavy responsibility had been cast on the party and any complacency would be harmful. The people who have given the party a popular mandate expected quick results and their hopes and expectations must be fulfilled. Therefore positive action had to come. The resolution on tasks before the party, moved by Mr Jagjivan Ram, authorised the new Congress (R) President, Mr D. Sanjeeviah, to set up a committee to bring about necessary changes in the party constitution to make the organisation an effective instrument for the fulfilment of the aspiration of the people. It laid down a six-point programme to tone up the party machinery at all levels.

The resolution, among other things, called upon the district congress committees to organise rallies of the party workers and supporters in every constituency. Further, a month-long congress membership enrolment campaign is to be launched by every DCC to mobilise those elements who had come nearer to the party during the elections. Congressmen have been asked to ensure that allocations for programmes of social transformation are properly utilised. The third resolution on Harijan welfare resolved that 1972 should be declared as the removal of social disabilities year and a country-wide programme should be undertaken to remove the evil of untouchability. □

WEST BENGAL

New Ministry's fight against lawlessness

CALCUTTA.

AS was expected, the Democratic Coalition Ministry in West Bengal has given the first priority to the law and order problem. After taking office, the Chief Minister, Mr Ajoy Mukherjee, lost little time in holding consultations with his Cabinet colleagues and later with the administrative and police chiefs on how to tackle lawlessness the quickest way. The Chief Minister has issued instructions to the police to deal with rowdies and miscreants with utmost ruthlessness. Since the mid-term elections, and particularly since the assumption of office by the new Ministry, one can see the return of confidence among people and the streets even late in the evening look more crowded. Some cinema houses have resumed late shows also. This is remarkable considering the fact that violence is still taking odd toll of some lives including policemen everyday. The latest incident involves a High Court judge who was shot at but escaped death. Rooting out lawlessness, political or criminal, will prove a most challenging task for the Ministry but this task the Ministry has to tackle with all the means at its command.

The business circles who are keenly watching the developments are, however, inclined to take a little more optimistic view. The backing of the strong Central Government for the West Bengal Ministry is rated as one of the encouraging factors. Other encouraging factors include the announcement of the constitution of the Industrial Reconstruction Corporation with headquarters in Calcutta which is going to concentrate on West Bengal's major industries like jute, cotton and engineering. Altogether 400 units remain closed till this day. The engineering units revival committee has already gone into the cases of a substantial number and has suggested concrete remedies for reopening the closed units. The Industrial Reconstruction Corporation's operations will considerably facilitate the work of engineering units revival committee. Greater attention to Calcutta's development with more adequate financial provisions for undertaking the various schemes is taken as another hopeful pointer.

Moreover, the Democratic Coalition Ministry is holding the view that the full

economic recovery of the State is possible only with substantial private investment. Happenings across the border have prevented the Ministry from making any definite policy pronouncements. But the Commerce and Industry Ministry has reportedly prepared a scheme for initiating measures to promote the recovery. The Ministry's scheme has already been circulated among Ministers of the Ministries concerned. Soon the Cabinet is expected to come to grips with the problems and announce specific measures for fighting the pressing problems such as the educated unemployment, rising prices and urban housing.

A thought is being given simultaneously to rural problems such as complete abolition of land revenue and speedier land reforms. The idea of the Minister concerned is to take to Punjab model and do away with land revenue altogether but at the same time raise the agricultural income-tax suitably. This should prove easy but the Ministry is likely to run into difficulties on labour policy. The members of the Communist Party of India who support the Government from outside insist that the police should not be used to curb the legitimate trade union movements. Against the background of lawlessness it will be difficult to separate trade union movements from the law and order question altogether. The Ministry will have to think hard to produce a set of guidelines for the police force without, at the same time, offending the Communist partners who obviously hold the balance. □

PUNJAB

Joint sector is the answer

CHANDIGARH.

JUDGED by the contribution of industry and mining to the per capita income and the workers engaged in registered factories, Punjab is an industrially backward State. It looks as if the Government of India has not considered the State suitable for the location of large-scale public sector industrial units. Of the Rs 3,400 crore worth units established by the Centre in various States till the end of 1969, Punjab had only a Rs 32-crore fertiliser factory. The State provides excellent opportunities for the growth of large-scale industries. Its fine road and transport systems, availability of skilled labour and an expanding market for consumer goods invest it with great potentialities.

In view of this situation, the Punjab Industrial Development Corporation has launched more than 2 dozen projects involving a total capital outlay of Rs 75 crores. Most of the projects are in the joint sector—in collaboration with the private sector—and the Corporation will contribute only 10 per cent of the capital. On completion, these industrial units will have an annual production capacity of Rs 300 crores which will give Rs 18 crores a year as sales-tax alone to the State exchequer.

Three industrial units—an export-oriented footwear factory, a tannery and a plant for pre-stressed concrete poles—have already gone into production. The footwear factory, in the first six months,

has exported 20,000 pairs of shoes and supplied 8,000 pairs to the Punjab and Haryana Home Guards. The pole plant is producing 100 poles a day and is to supply 60,000 poles to the Punjab Electricity Board by June.

The Corporation is finalising its plans to manufacture Swaraj tractor—the first tractor with hundred per cent Indian technical know-how and components—developed by the Central Mechanical Engineering Research Institute, Durgapur. A technical team of the Institute is busy working here. The plant is being set up on the outskirts of Chandigarh at Mohali. The first phase will cost Rs 2.5 crores and will produce 3,600 tractors a year. The plant will, later, be expanded at a cost of Rs 2 crores to raise its annual production to 12,000 tractors.

Next door to Ludhiana, at Dhandari, work is in progress to house a large brewery in the joint sector. The Punjab Breweries Ltd was incorporated in April last year. Its authorised capital is Rs 1.25 crores. It will produce 50,000 hecto-litres of beer per year. It is scheduled to go into production in August next year. Another project for which the blueprint is ready is

a glass-bottle plant to be established at Ludhiana to manufacture 12,000 tonnes of glass-bottle a year.

A letter of intent has been issued to the Corporation to set up a factory to manufacture three-lakh tyres and tubes for all types of vehicles. The Corporation has sought foreign know-how for it. A Rs 1.20 crore cottonseed processing plant is fast coming up at Gidderbaha in Ferozepur district. It is scheduled to be completed by March 1972. The plant will have a daily processing capacity of 100 tonnes of cottonseed. The products—lint, oil and deoiled cake—have a ready market. But the most ambitious project of the Corporation is the Rs 12-crore polyester staple fibre plant, which will have an annual capacity to produce 6,100 tonnes of this fibre. It will be in the joint sector and the Corporation is looking for suitable collaborators, both for finances and technical know-how. The Corporation's blueprint for a Rs 43-crore fertiliser plant is also ready. The plan is to produce three-lakh tonnes of urea from low sulphur heavy stock (LSHS)—a surplus product easily available in ample quantities from refineries. □

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REPORT

THE WORLD

From Our Own Correspondents

BURMA

Emergence of planned economy

RANGOON.

A SOCIALIST economy without planning is something of a rarity, but it is exactly what Burma has had these last nine years. The Revolutionary Government, which launched the country on the road to "Burmese" socialism in 1962, has done everything to socialise the economy, but little to put the socialised economy on a properly planned basis. All through these years, the Government has contented itself with carrying out with varying de-

grees of success (or failure) the *ad hoc* economic programmes of its various departments and agencies.

The consequences of this plan-less socialism have been most unhappy. The absence of clearly defined objectives, priorities and production targets has led to faulty allocation of scarce resources, and to general apathy and inefficiency of labour and management. By 1969-70, the economy had come to suffer from the worst trade deficit, the lowest foreign exchange reserves and

the highest currency in circulation since 1961-62.

But now the economy is going to be managed according to plan. The Burma Socialist Programme Party of General Ne Win has recently released a document entitled "Guide to Economic Planning", giving guidelines for a 20-year long-term economic Plan starting from 1971-72. This Plan, according to the Guide, is to be split into five four-year short-term Plans, the first covering the period 1971-72 to 1974-75. First priority is to be given to expansion of production in the agricultural, animal and fish breeding, and forestry sectors in order to be able to export more of the products of these sectors. Second priority is to be given to the establishment of industries based on these three sectors for the production of import-substituting consumer-goods. The third priority will be mining of minerals for setting up heavy industries in the future.

The Guide also lays down production targets for different sectors of the economy for the first Four-year Plan. The GNP is to increase by 19 per cent, and the *per capita* income and consumption by 8 per cent and 9 per cent, respectively, by 1974-75, taking 1970-71 as the base year. Sector-wise targets are: 16 per cent increase in agriculture, 40 per cent in meat and fish, 11 per cent in teak, 52 per cent in oil, 36 per cent in minerals and 20 per cent in industrial production. No specific targets are fixed for power, construction, transport and trade sectors, but a general indication is given of what should be done to improve efficiency, avoid wastage, suppress corruption, and increase production.

An interesting part of the Guide is the delimitation of the sphere of private enterprise. State organisations and co-operatives are the main agencies for carrying out the economic Plans, but private enterprise will be permitted to a limited extent in the fields of agriculture, animal husbandry, petty industries, transport, housing and the retail trade. It will not be allowed in the fishing industry, mining, chemical industries, power production, financing and credit, foreign trade and wholesale distribution.

The Guide, evidently, is not the Plan, but pending the formulation of a detailed national economic plan, presumably by or under the aegis of the newly reconstituted BSP Party Economic Planning Committee headed by General Ne Win himself, it will serve as the basis for all economic measures to be taken by the Government in the coming years. The targets it has set may or may not be achieved, for even the best laid plans of most advanced countries often go awry. But in having these targets, the country will have something meaningful to work for, and the Government a standard by which to assess the efficiency of State and co-operative enterprises and to re-examine the wisdom or validity of its cherished socialist policies. □

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SINO-JAPANESE TIES

Using lever of trade
for recognition

TOKYO.

AS the semi-official Japanese trade delegation returned home after a gruelling fortnight of tough bargaining, it became once more clear that Peking would use trade as a lever to put pressure on the Sato Government not to separate trade from diplomacy. The delegation had to accept more and harsher conditions for Sino-Japanese trade and put its signature to a communique denouncing its own Government in much stronger terms than last April's communique which took six weeks to finalise.

The delegation was led this time by the President of Japan's internal Nippon airlines, Mr Kaheita Okazaki, and included a leading member of Mr Sato's ruling Liberal Democratic Party, Mr Yoshimi Furui, who headed last year's delegation. To strengthen the mission's hands and lend it greater credibility in Peking, the Japanese sent Mr Aichihiro Fujiyama, a former Foreign Minister, and a strong advocate of diplomatic ties with China, to Peking with the delegation. The Trade agreement does not generate much trade by itself. Last year out of the record figure of Sino-Japanese trade of US \$620 million, the trade under the agreement was only \$69 million. The same figure would be kept this year. But without its framework, the Chinese perhaps would not permit any trade at all.

Some Japanese and western observers say China needs Japan more than Japan needs her. This is true to a considerable extent in the sense that Japanese prices, delivery dates and physical proximity are advantages not enjoyed by other suppliers from Europe (mainly Western Europe). Japan also lifts sizable quantities of China's agricultural commodities, although trade remains heavily balanced in Tokyo's favour. This, however, is only a part of the story. The shrewd Japanese businessmen are aware of the immense potentialities of the market next door of 700 million people and would not want their position to be undermined by the increasing number of rivals such as Canada and West European nations which have diplomatic ties with China.

It is because of this realisation that some steel manufacturers and several other Japanese firms are cutting their Taiwan and South Korean connections to maintain their acceptance in Peking. Pressure at the popular and political level is growing in Japan for diplomatic ties with China. Last month a national congress was set up in Tokyo to work for the recognition of Peking. This comes after the formation of a League of Japanese Dietmen for the same purpose last year, with the support of a majority of Japanese parliamentarians. No wonder, Mr Sato spoke early this year of the "People's Republic of China" instead of using the usual name "Communist China" or "Mainland China". He even expressed readiness to have US-style diplomatic talks in a neutral capital, which China has turned down. The Japanese envoys have been told to be more

than usually polite and courteous to their Chinese counter-parts. Foreign Minister Aichi has even said that he would be prepared to go to Peking if this could help improve relations.

China is not falling for any of such concessions. In the latest communique signed in Peking with the trade agreement team, the Peking authorities have extracted a high price. In addition to the previously enforced condition that there would be no trade with the Japanese firms having large investments in Taiwan and South Korea, three new conditions have been imposed. (1) No trade with firms helping the Chiang-Kai Shek Government in Taiwan to stage a comeback to the mainland, or helping the South Korean Government to "intrude" into North Korea; (2) no truck with firms supplying arms and ammunition to the Americans for the war in Indo-China and (3) with US-Japanese joint enterprises and subsidiaries of American companies in Japan. The conditions are apart from the reiteration of the three poli-

tical principles that Japan should not carry on a two-China policy, should not obstruct normalisation of relations with China and not pursue a hostile policy towards Peking. The Okazaki delegation also supported China's stand that the Senkaku islands in East China sea are Chinese, and Japan's plans to exploit the resources of the shallow seas, off the islands, are an encroachment on China's sovereignty.

The hopes of those American firms which were planning to trade with China, after the Nixon administration relaxed the trade embargo permitting trade through third countries, have thus been dashed. The result of the new conditions imposed by China would be to strengthen those forces in Japan which are endeavouring to bring about diplomatic ties with Peking by applying economic pressure. The Sato Government will, however, not be easily persuaded to amend its policy so radically as to recognise China in the near future. How it can avoid this for a long time to come is difficult to see. □

The inheritors



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A shadow darkens the future of over 60% of India's children—yet not many people even know its name: protein malnutrition.

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 - *organise mass-scale relief programmes
 - *extend fortification of basic foods
 - *use mass communication for nutrition education



Inserted in the public interest by the Protein Foods Association of India

BUSINESS REPORT

From Our Own Correspondents

INDIA-UAR TRADE

Crude oil holds the key

CAIRO.

MUCH to the discomfort of both India and the UAR, the rupee trade plan between the two countries for July 1970 to June 1971 has run into unexpected difficulties. The situation promises to improve in the remaining three months of the annual trade plan period, but during the course of the year certain issues have been thrown up which need to be tackled in order that the future course of the two-way trade on rupee account basis runs smoothly. Basically the issues are related to the mechanics of rupee trade and they have their own significance in the wider context of similar arrangements that India has with the socialist countries.

India's exports to the UAR have been steadily growing and from Rs 21.50 crores in 1967-68 they rose to Rs 34.63 crores in 1969-70. Her imports from the UAR have shown some wide fluctuations and the figures for the corresponding three years were Rs 26.90 crores, Rs 41.41 crores and Rs 23.76 crores. The 1970-71 trade plan provides for exports of Rs 40 crores to Rs 43.5 crores against imports of Rs 37 crores to Rs 39 crores. This itself means an in-built imbalance of about Rs 3 crores though the rupee trade generally proceeds on the basis of a balanced account at the end of the year. The trade plan does not stop at giving the overall figure for imports and exports, but it also goes on to fix individual targets for India's exports which mainly consist of jute products, tea, spices, steel and engineering goods and imports which consist almost wholly of Egyptian cotton, rock phosphate and rice. The current difficulties have arisen partly because India's exports have moved faster than imports and perhaps more because in the field of engineering goods contracts entered into by Egyptian importers have been of a much higher order than the targets laid down in the trade plan.

The mechanism of the rupee trade provides for the creation of a rupee account in the name of the Central Bank of the UAR, the management of which is with the State Bank of India. In this account flow the resources generated by imports of Egyptian goods and it is also backed up by technical credit from the Government of India which is used to finance Indian exporters whenever there is an overdraft on this account. But it is not an unlimited nor revolving credit. New Delhi has fixed a certain amount beyond which the State Bank cannot turn to this technical credit for helping the exporters.

The account operates smoothly so long as there is a continuous flow of imports and exports. But this year, unfortunately, imports of cotton were hampered because of the dispute between the Cotton Corporation of India and private importers that delayed the issuance of import licences by nearly six weeks to two months. The re-

sult was that cotton arrivals had not begun till March while exports had been moving continuously. The State Bank apparently found it difficult to help exporters since no assistance was forthcoming from the technical credit and many of the exporters, particularly of engineering goods, found they could not ship their goods. Such companies as Kirloskars and Larsen and Toubro had their goods held up after they were packed and ready to be shipped.

There was the other issue involved in the exports of engineering goods. It was not merely the shortage of resources in the rupee account that had held them up. The contracts entered into, as pointed out earlier, were far in excess of the targets laid down in the trade plan. Apparently, this situation arose because of developments unanticipated by the Egyptian importers. In the past, their experience had been that the actual imports during the course of the year were less than contracted for, but this year they found that everything they said they wanted to purchase was forthcoming. In the reverse direction, exports of Egyptian cotton were hampered both because of the delay in the issuance of import licences by New Delhi and because of the shipping difficulties in Egyptian ports.

Perhaps, there would not have been this bottleneck if the UAR had agreed to pay in free foreign exchange for the goods to be imported in excess of individual targets laid down, as the Government of India believes should be the case. Its argument is that in the case of imports, for instance, such as of cotton, it exercises a discipline and the same could be done by the UAR in regard to its imports. Whatever the validity of this argument, the UAR is certainly not in a mood to pay in foreign exchange for what she can obtain under rupee trade and apparently she believes that it is for the Indian Government to exercise a control on its exports. This would be a tough task for New Delhi since exporters of engineering goods number many. But it should be possible for Indian exporters at least to exercise a discipline as far as prices are concerned and avoid a cut-throat competition. In Cairo, this correspondent was told of even such firms as Kirloskars and Mahindras entering into a competition between themselves, which perplexed even the Egyptians.

New Delhi apparently does not want to be strict in regard to enforcing export targets for individual engineering goods. This can be appreciated since, in the long run, it would be profitable for India to establish a foothold for as many items as possible in the Egyptian market. But if exports are to increase, imports will have also to expand since the rupee trade has to be balanced. That, however, means that the UAR must be in a position to diversify her exports to India. In the trade plan

the UAR did indicate that she was keen on exporting refrigerators, air-conditioners, bicycles, scooters, sewing machines, liquid petroleum gas appliances, special grades of textiles, television sets, metallic furniture and crude oil. None of these items except crude oil interests India at present.

In fact, if India can get crude oil from Egypt that is suitable for processing in the existing refineries, it would be a welcome development, particularly if this is available at a price lower than what India is paying for the current imports. Actually, the Indian Oil Corporation has obtained samples of El Morgan crude for studying the possibility of processing it at Indian refineries, but the conclusion is not yet known. As it is, because of the agreements with the private foreign refineries and other agreements for the supply of crude to Cochin and Madras refineries, which are to run for some time, the possibility of using this crude, provided it is suitable, is limited to one or two refineries. But this would mean either the expansion of the Gujarat refinery or making arrangements for transport of crude to Barauni, where there is an idle capacity of one million tonnes, from Calcutta. Whether the question has been examined from all these aspects is not yet known.

The Government of India is apparently willing to strike a deal on crude oil. If this can be done, New Delhi may be even willing to advance a credit of Rs 25 crores to Rs 30 crores to the UAR in return for the latter's agreeing to supply crude at a price which would be lower than, say, Saudi Arabian or Iranian crude. Such credit could also help in getting over the difficulties into which the trade plan has just run. The question is whether the UAR would be inclined to ask for such a credit and also supply crude at a lower price than what the OPEC members demand.

The UAR has its own ambitions in developing her oil industry and over the next five years she does hope to produce over 40 million tons of crude, for the transport of which a pipe line is being planned. International companies will be involved in the development of this pipe line and its use. Once that involvement is deep, they are sure to bring pressure on the UAR to ensure that India does not get cheaper crude. This is why it is necessary that India and the UAR should move quickly if an oil deal is to be reached. □

INSURANCE

A 26 per cent rise in LIC's business

BOMBAY.

THE Life Insurance Corporation has done indeed remarkably well during 1970-71. Its total new business has been of the order of Rs 1,303 crores as against Rs 1,036 crores in 1969-70. In other words, the increase in the business has been of the order of 25.8 per cent over the preced-

ing year compared to the annual variation of minus 3.4 per cent to plus 13.8 per cent during the past five years. In terms of policies there was an increase of 2.21 lakhs over the 1969-70 figure of 14.01 lakhs.

With this higher business has gone higher investment by the LIC in its socio-economic role. Its total investments for 1970-71 exceeded Rs 268 crores, an increase of over Rs 40 crores over the preceding year. The Corporation's contributions to the Central and State government loans were of the order of Rs 86 crores and Rs 41.5 crores respectively, an aggregate increase of Rs 33.5 crores over the previous year. Disbursal of loans to municipalities and zilla parishads for water supply and sewage schemes were almost doubled from Rs 5.5 crores to nearly Rs 11 crores and for the first time the LIC also advanced loans to zilla parishads for the rural water supply schemes. The State electricity boards received as much as Rs 48 crores as against Rs 32.50 crores during 1969-70, in addition to the investment of Rs 20 crores in the bonds of the State electricity boards which was maintained at the same level during the year. Advances for housing loans amounted to over Rs 33.5 crores excluding the loans given under mortgage schemes like the "Own Your Home" which, when taken into account, would bring this total to over Rs 40 crores. Together with the loan commitments made to Housing and Urban Development Finance Corporation, the State housing boards, the apex co-operative housing societies and other agencies, the LIC's contribution to housing during 1970-71 would be about Rs 75 crores.

The Chairman of the Corporation, Mr T. A. Pai, is undoubtedly happy with the performance during the year but he believes his organisation could do still better. For instance, the rural offices were bringing in more business but the increase in business in what may be termed as "green areas" was not proportionately higher than in those parts where the green revolution had not made such an impact. It is these green areas which will be taken up for "intensive development" by the Corporation during the current year and the divisions concerned are being re-organised for the purpose. What is particularly comforting to Mr Pai is that the 1970-71 increase in business of Rs 267 crores has come mainly because of the higher productivity shown by the staff. He is hopeful that last year's results would show that the expense ratio was even lower than the maximum permitted statutorily, which would mean a reversal of the trend witnessed in the earlier years.

The growing business, of course, means more resources at the disposal of the LIC. Even today over Rs 300 crores of the LIC's funds pass through the banking system, and this amount would increase as the LIC steps up its activities. Mr Pai is therefore keen that there should be a better management of the LIC's funds. At a Press conference he emphasised that this aspect should be taken into account in understanding the LIC's position in the controversy that has developed with its entry into the call money market. True, in the past LIC's liquid funds were deposited in current accounts in the banking system without getting any return, but there is no reason why the banking system should

Paper famine

MR Harish Mahindra, President, Indian Merchants' Chamber, says that the current "paper famine" stems from the Government's policy of not allowing the expansion of big manufacturing units under the plea of preventing concentration of economic power and growth of monopolies. It is certainly not in the best interest of the economy to pursue a policy of curbing productive activities in those areas where acute shortages of essential supplies are clearly notified. Quick increase in production in a capital-intensive industry like paper could be possible only if larger units are allowed to expand. A number of applications from the large-scale sector of the paper industry are pending before the Government for more than a year and the inordinate delay in taking decisions in this matter is one of the contributing factors to the present shortage. At the same time such activities of the paper industry as switching the production over to more remunerative varieties at the cost of writing and printing paper and the frequent price hikes without any corresponding improvement in the quality of the product malalign the image of the business community in the eyes of the consuming public.

Industrial licensing policy

Mr B. Mitter, President of the Associated Chamber of Commerce, says that the industrial licensing policy requires an overhaul because, being openly biased against large business houses, it acts as a constraint on the growth potential of the economy. By restricting the growth of larger industrial enterprises, it also limits their ability to compete successfully in international markets and to increase India's export earnings. The policy is thus self-defeating. Another fetter on the operation of industry is the Monopolies and Restrictive Trade Practices Act which bristles with "complexities and ambiguities". The prosperity of large-scale industry and of small-scale industry is one and indivisible and experience shows that small undertakings flourish most healthily when their larger counterparts are also doing well. According to Mr Mitter, small-scale industry is unlikely to develop in a vigorous way by merely being insulated behind special privileges or by the imposition of artificial restrictions on the manufacturing activity of others.

Industry's R & D problems

Rear Admiral B. A. Samson (Retd), Chairman, Indian Engineering Association (Western Region), says that an important objective of the R and D programme in Indian industry should be to improve the manufacturing efficiency of conventional goods. Their improvement does not depend much on new R and D but on good design and efficient manufacturing methods. Agricultural equipment and implements, simple tools, bicycle and automobiles are some such products where improvement in performance, reliability and low price rather greater novelty is required. An

BUSINESS OPINION

equally important problem is the need for an assurance to industrial undertakings that they would be allowed to exploit commercially the fruits of their research and development. Under our present industrial policy there is no such guarantee that the larger companies which have the men, money and equipment and can undertake a meaningful research would be allowed to enjoy the fruits of their labour.

Export prices

Mr K. Eswaran, Director of Easun Engineering, Madras, says that the present system of taking into account the premium value of incentive import licences for purposes of calculating export prices should be done away with. The f.o.b. prices should cover the overheads of production. According to Mr Eswaran, no incentive import licences should be sold or transferred except for the purposes of importing what is needed by the exporting units.

New projects in West Bengal

Mr R. P. Goenka, President, Indian Chamber of Commerce, Calcutta, says that the Union Government should take an early decision to locate some major projects in West Bengal such as a petrochemical complex, a shipbuilding yard and a free trade zone. Haldia, according to Mr Goenka, is ideally suited for such projects. During the President's rule in the State, difficulties of the industries were identified and it was time for effective implementation of policies based on these studies.

Coffee Board depots

The All-India Coffee Merchants' Association says that the opening of more and more depots for sale of coffee in India by the Coffee Board is deplorable as coffee is sold in these depots at prices 2.5 per cent lower than the open auction pool prices. According to the Association, this is a serious encroachment on the normal trade facilities as 80 per cent of the coffee is distributed by small traders. The opening of depots by the Coffee Board affects adversely the small trader.

Octroi abolition

The Indian Merchants' Chamber, Bombay, says that while the Chamber welcomes the suggestion for the abolition of octroi, the multi-point turnover tax scheme recommended by the study group appointed by the Maharashtra Government would cause heavy burden on the trade and industry. If the study team's recommendations on textile, sugar and tobacco are implemented, it would defeat the very object of imposing additional excise duty in lieu of sales tax. The proposed scheme of multi-point turnover tax would bring almost all commodities within its purview and would affect all dealers irrespective of the size of their turnover.

consider the LIC funds as part of its own resources. If the LIC had been offered by the banking system a return, say, of even $4\frac{1}{2}$ per cent on its standing accounts, the situation would have been different. But with no such scheme, it is essential that the LIC devise ways and means to earn some return on its liquid funds which in recent days were of the order of Rs. 25 crores at any time, apart from the money invested in the call money market. And Mr Pai had this question to ask: Why should it be called an inter-bank call money market when the banks themselves had no money to lend in this market? Of about Rs 22 crores lent in this market in the recent period over Rs 20 crores alone had come from the LIC and the Unit Trust. Further, if the LIC earned 11 per cent to 12 per cent on its lendings when the money market was extremely tight, it was not the case when it entered the market first. The Corporation then earned hardly 4 per cent on its lendings. He had also the argument

to advance that if the LIC had not lent its funds, some of the banks would have been forced to borrow money from the Reserve Bank at a very high penal rate.

There was the further point made by Mr Pai that there was no reason why the LIC funds should receive a different treatment than that accorded to other depositors. In a hurry the banking system took a decision not to pay any interest on the current account. But when it found that this would prove a handicap in mobilising resources in the rural areas, the depositors there were permitted to open savings bank accounts which had all the facilities of current accounts while bringing an interest of $3\frac{1}{2}$ per cent. In the urban areas, Mr Pai said, big current account holders were encouraged by banks to lend money in the call money market in order that they should earn some money (such investments have to be for a minimum of 15 days and earn $1\frac{1}{2}$ per cent). Then why not allow the LIC to get an adequate return on its own funds?

This was Mr Pai's reply to the State Bank Chairman, Mr R. K. Talwar, who had recently argued that on considerations of fairness and wider issues of investments, individuals and institutions should be put on an equal footing in the matter of return on surplus funds. His case was that funds offered in the call money market by the LIC and the UTI would in any case have been mostly with the banking system and the operation of these institutions in the inter-bank call money market did not improve the liquidity of the banking system. Basically, Mr Talwar's argument was that if the LIC or the UTI have to be ensured a higher return on the surplus funds, there is no reason why the individual depositor should not also be given a similar benefit. Such an incentive could help in drawing more funds in the banking system and improve its liquidity. □

SAVINGS

Insurance incentive for depositors

BOMBAY.

THE recent schemes proposed by some banks, the Unit Trust of India and the Life Insurance Corporation for covering life risk of savings banks depositors and unit holders aim at linking savings with insurance. They will have a double advantage of providing incentives to savers as well of spreading insurance consciousness.

Under its deposits-linked insurance scheme, the LIC offers insurance cover to all savings bank depositors between the age of 18 and 49 under a one-year renewable group term insurance plan. For depositors upto 40 years the sum assured will be twice the average amount of deposit during the calendar half-year concerned. The sum assured will be equal to the average amount of deposit for depositors between 41-49. The depositor will be eligible for insurance benefits if he maintains a minimum average balance of Rs 1,000 and the amount of cover will be a maximum of Rs 10,000 and Rs 5,000 in the two age groups respectively. The premium for the insurance cover will be at the rate of $1\frac{1}{2}$ per cent per annum and will be charged on the deposit balance on which interest is paid by banks.

The cost of insurance premium is to be borne by the depositor, but some banks are reported to have agreed to bear the full cost. Another bank is reported to have agreed to lower the minimum cover limit to Rs 500. These banks have rightly taken the view that the cost of insurance premia is within their usual rate structure. Although the interest rate on one year fixed deposits is, 6 per cent per annum, banks are paying only 4 per cent on monthly minimum balances in savings accounts. With the stipulation about the minimum amount requirement for insurance cover, the savings bank account balance becomes a virtual fixed deposit. It is encouraging to note that banks are taking a liberal view and promoting both savings and insurance.

There is a proposal to share profits between LIC and banks under this scheme. This gives yet another incentive to banks to bear the cost of the premia. But there is one factor which the banks must consider. The premia will be paid on the

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deposits earning half-yearly savings interest if it is above the minimum limit of Rs 1,000 or Rs 500 as the case may be. But the insurance cover will lapse if the balance falls below the minimum required at the time the claim arises. Although some of it will come back to banks through profit sharing, a way should be worked out to ensure that lapses of this type are the minimum possible.

The unit-insurance linked is yet to be finalised. But LIC has proposed a cover up to Rs 12,000 to all unit holders up to the

age of 45, if they plan to invest in units in monthly investment of Rs 100 for 10 years. The plan will be under a Decreasing Temporary Assurance Policy. The premia will be paid by the Unit Trust under a master policy issued by the LIC to it for the first seven years. In case of premature death of the unit holder, the LIC will pay the balance of uninvested instalments. There is no medical examination but insurance cover in the initial period is restricted (as shown in the next column).

Duration since entry into scheme

<i>Duration since entry into scheme</i>	<i>Benefit on death</i>
Less than one year . . .	Refund of premium paid.
1-1½ years . . .	25 per cent of sum assured.
1½-2 years . . .	50 per cent of sum assured.
2 years and above . . .	Full amount.

These restrictions would not however apply in case of accidental death.

It is not clear who will bear the cost of premia, but it would be reasonable to expect the UTI to bear it in consideration of the 10-year regular savings agreement with the investor. □

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Garibi hatao: How to go about it

By A Special Correspondent

REPORTS on serious academic discussions of current problems have a way of getting crowded out of our newspapers. Last month the country was in the grip of election fever. Also the discussions at the seminar on Income Distribution in India, organised by the Planning Unit of the Indian Statistical Institute at Delhi on February 25-26 were not open to the press. Even if this were not so, it is unlikely that its proceedings would have received adequate or authentic coverage.

There could be no denying, however, that two most relevant discussions on programmes and policies pointing to the way Mrs Gandhi can redeem her election pledges were held in Delhi last month. The first topic, discussed by the Planning Commission with economists, was unemployment; it came as a sequel to the Dantwala Committee's report on Unemployment Estimates. This second seminar set out to map the extent of poverty and to explore the ways of blunting its edge through some speedy and effective works programme, such as advocated by V. M. Dandekar and N. Rath in the *Economic and Political Weekly* (now republished by the journal as *Poverty in India* for Indian School of Political Economy, Poona, Rs 5).

In India the cry for socialism is loud and clear, but the demand for equality is neither widespread nor insistent. We are a caste-ridden, class-conscious people, happy in our unequal groupings and keen on preserving our status if not also the higher standards of living enjoyed by a minority. Yet the slogans on eradicating poverty have been accepted as their own by all the political parties. Perhaps the hope that Mrs Gandhi was more earnest and determined about a radical programme was uppermost in the minds of the millions who voted for her candidates. Our unemployment is the result of our widespread poverty. Lack of opportunities for increasing the incomes of the poor is a major impediment in ensuring a minimum level of living to all who now are condemned to eke out their existence below the poverty line. The ISI seminar took up both the levels of income and the welfare measures in its stride.

Empirical studies

Inaugurating the seminar, K. N. Raj touched first upon the problems of data on income distribution, consumption patterns and the spread and depth of poverty. There was need for many more empirical studies on the nature, extent and causes of poverty. At present we were content to live with so much folklore on saving, unemployment and penury. How do these behave over time? How far are the data reliable? How do we assess and interpret the data? If the all-India data were difficult to establish and to interpret, Raj said, it might be better to disaggregate—State-wise, soil-wise, on some basis of homogeneity. It would then be easier to analyse the factors behind the facts of poverty and unemployment. A study of the factors influencing income distribution was essential to any prescription of policy.

Without amplifying his preferences as between the various policy instruments, Raj led the discussions in a practical direction by referring to the three broad approaches to corrective programmes. One lies in the direction of a more rapid growth of output and income. Raj had his own reservations on the one-time high hopes about fast rates of growth to be achieved between 1960 and 1975. The second line of approach was through works programme—roads and other infrastructure, irrigation and soil conservation, afforestation and productive activities taken up as an integrated programme for areas where poverty and unemployment are acute. The third approach to the problem lay in examining the scope for land redistribution, in extending the area of public ownership and in increasing taxation of income and wealth as the common means of reducing income inequalities.

Basing his findings on the *per capita* private consumer expenditure, Dandekar suggested that over the past decade this expenditure had increased by half a per cent per annum. Even this small gain was not distributed equitably among all the sections of the population. The condition of the bottom 20 per cent rural poor has remained more or less stagnant and of the bottom 20 per cent of the urban poor has deteriorated. For another 20 per cent of the urban population, it again was stagnant. Placing the numbers of those below the minimum level of living in 1961 at more than one half the total population in that year, Bardhan pointed out how there has been a "significant rise" in the percentage of the people below the minimum level. According to Bardhan, these percentages for rural and urban population were 38 and 32 in 1960-61, 45 and 37 in 1964-65 and 54 and 41 per cent in 1968-69. At the end of 1960s, the absolute number of people below the poverty line was nearly 300 million.

On policies to redress inequalities of income and living standards, the seminar attracted no fewer than seven papers—from Raj Krishna, Sanyal (land redistribution), H. K. Paranjape (public investment for altering the pattern of inequalities) and Ashok Mitra (role of differential interest rates on bank credit to expand productive opportunities of the poor).

On land policy, one recommendation was tenancy reform and the other a better distribution of land holdings, since land is the primary means of production and a major source of livelihood for the majority of the population. Tenancy reform had been uneven over different parts of the country and in most States neither adequate nor effective. A more stringent policy on land ceilings was likely to run into serious difficulties. Dandekar's conclusions are:

(a) To provide a modest minimum size of holding (ranging from 0.5 acre to 3.5 acres according to conditions in different States) only to landless workers will call for drastic reduction in the existing level of ceiling in all States; (b) Such a lowering of ceilings will be necessary even if the objective of redistribution was just to raise the small holdings to a viable size; (c) In

practice, since claims of the landless cannot for political reasons be ignored, a drastic policy on ceiling would lead to a vast increase in uneconomic, non-viable holdings; (d) Many of the larger holdings consist of inferior land. Its development is more likely if left with large farmers who have greater resources for investment; (e) A lowering of ceilings will not in any case be acceptable politically, because "thanks to technological advances in agriculture made during the decade, owner-cultivation on sizable farms has become distinctly profitable. The entire course of future agricultural development now depends on this impetus". Dandekar concludes that lowering of ceilings cannot be a major instrument for alleviating rural poverty and suggests that the immediate object should be to enforce existing ceilings effectively.

The fleeting references that the economists made to differential interest rates and use of public ownership were a measure of their scant relevance to a more egalitarian income distribution. The smallness of the public sector limits its direct influence in bringing about a more egalitarian structure of wages and salaries. There was no impact whatever on the private sector of the public sector policy of providing housing and other amenities or of lowering the salaries of top executives. Paranjape's emphasis on indirect effects on the distribution of wealth and incomes and on the concentration of economic power were more pertinent.

Important ingredient

A vigorous, expanding and efficient public sector has been such an important ingredient of the strategy to achieve social justice within the framework of a mixed economy that it is worth recounting the projected role of the public sector. Instead of nationalising existing wealth, the Indian emphasis is on public ownership over a major part of new investments. This would, over a period of time, bring much of the capital stock within government's ownership and control. The share of privately-owned wealth will correspondingly decline. Inequalities in income, to the extent they are derived from wealth inequalities, will be reduced. The essential condition for this to happen is that publicly-owned wealth is used efficiently and generates large surpluses. Other incidental benefits of progressive public ownership include the possibility of direct command over an increasing proportion of investible surpluses and capital gains, control over key sectors which could be used to influence the rest of the economy and a reduced concentration of economic power.

Such at any rate is the theory. The public sector's share in national capital has certainly increased and increased appreciably. But whether this has led to any significant improvement in income inequalities is doubtful, mainly because of the low profits earned by public enterprises. The record is by no means uniformly bad. There are many enterprises earning decent profits. But taken as a whole, the rate of

return on public investment is well below what obtains in the private sector. This reflects poor utilisation of capacity in some areas. But it is also sometimes sought to be justified on the ground that public enterprises sell their products cheap and pay their employees well. Paranjape questioned their legitimacy. The issue, Paranjape pointed out, is not whether products are cheap or workers paid better but whether the benefits of these policies flow to those who deserve most. In many cases the benefits do not flow to the poor and the dispossessed, the most glaring example being irrigation projects. If the policies do not benefit the poor and the handicapped and result in a lower surplus, they mean slower growth which in turn makes the prospects for the poor more bleak.

To summarise the discussions at the first three sessions may not be as difficult as telling how many angels can stand on the head of a needle. But when the facts relating to income, its distribution and changes in *per capita* consumption expenditure over the past ten years are not clear, much could be—and was—said from all the sides. The National Sample Surveys are the basic source material. Their data naturally became the bed-rock of a debate. Dandekar and Bardhan drew their conclusions and these were rebutted with equal force by those who did not think that the numbers of those below the poverty line had gone up significantly and that the penury of those below the line had increased either in the cities or in the country-side.

The lay listener of the learned discussions found himself in the legendary predicament of the American President who was being advised by Keynesian, non-Keynesian and anti-Keynesian economists on how to pull the United States out of the great depression. The President is reported to have said to his friends that when the economists talked of prune-pumping and of increasing government expenditure in order to revive the economy, he felt they were right. But when others came and suggested that public outlay should be cut down, he could find no reasons to differ from them. What then most confused the American President (and now this lay listener) were the damned dots.

Among the causes of poverty and uneven distribution of incomes, ownership of wealth and especially of land was important. As for *per capita* consumption, the size of the family was a determining factor. An equally important factor was the number of days the landless labourers and others were employed, and their wage rates. Yet, it was a partial picture to see poverty only in the rural areas and among the landless. Many land-owning but large families and the urban classes contributed their fair share to the numbers of the poorest.

Works programme

Perhaps the most lively discussion at the ISI seminar on Income Distribution took place on the role of the works programme. There were economists like Mrs Dharma Kumar who pointed to the waste tolerated in the implementation of industrial programmes—the inability to keep within budgeted outlays and time schedules. She asked why the double standard of a more rigorous cost-benefit expectation

should be attracted by the rural works programme. Vaidyanathan was quick to say how unhelpful it is to compound one waste with another.

Even if employment was accepted as the overriding objective of planning, how does one give employment-orientation to the Fourth Plan? In what essential respects would such a plan have a different approach? The ultimate question is of what to produce, when, where, in what way and for whom? The existing bottlenecks and constraints cannot be wished away overnight. The different balances will have to be maintained.

In fact rural works can be made an integrated part of the development programme, since they consist of roads, school buildings, soil conservation, minor irrigation and so on. Is this effort to add to job opportunities in the relatively backward areas something alien to the thinking which goes into the formulation of our Plans? Do our planning procedures and mechanisms stand in need of any changes? What is at the heart of the difficulties which, it is assumed, prevent us from enlarging and extending labour-intensive programmes in the Plan?

Productive use

It was obvious that there was all the difference in the world between government's promise to give work in each district to about 1,000 able-bodied persons for some 300 days in a year at the cost of Rs 50 crores a year and the rural works programme outlined by the economists at the seminar. This was calculated to siphon off the surplus population and put it to productive use in a manner hard to distinguish from the labour camps dear to feudal or authoritarian regimes. One was a pre-election promise of a liberal democratic party and the other resembles a communal-like organisation for national development.

But to revert to the main theme and summarise Dandekar's propositions on the massive supplementary rural works plan: 1. The problem of under-employment is basically one of poverty and it is possible to measure both. Dandekar calculates that 40 per cent of the rural and 50 per cent of urban population are under-employed. His plan aims at providing full-time employment (300 days a year) at a daily wage rate of Rs 2.50 for an adult male and Rs 1.60 for a female labourer. 2. In order to raise the poor to the minimum standard of living, additional incomes of the order of Rs 800 crores need to be provided in the rural areas. Dandekar assumes that if the rural areas are taken care of, the urban problem will be solved. 3. These incomes can be provided through massive works programmes designed to utilise unskilled labour. They do not require scarce inputs, such as cement and steel. There is no dearth of projects ready to be taken up. "Long lists of such projects are lying in all block development offices". 4. The village-wise slack season-oriented works programme will not do. It is necessary to think in terms of full-time jobs. Planning should be on district or block basis. The aim is to convert as much as possible of the employment becoming available so that it can be regarded as secure and dependable. He rejects the departmental organisation of labour as well as labour co-

operatives and suggests that the system of labour contracts should be streamlined and used more extensively.

In the implementation of any such massive programme, the question of taxation is fundamental. There is no getting away from it. Unless we can effectively tax the rich, it is idle to talk of helping the poor. It is possible that the works programmes may after a few years result in a larger increase in agricultural production than contemplated. But in the transition, there is the real problem of finding extra supplies of food to meet the increased demand which would follow large-scale programmes of rural works. If inflation is to be avoided, we have either to import food or resort to procurement and rationing of necessities.

Raising the level of the poor, be it through doles or through works, means effectively taxing the rich. Dandekar's programme calls for a mobilisation of Rs 800 crores—1,000 crores a year, over and above what is implied in the Fourth Plan. Note that the much smaller effort called for by the Plan is not proving easy. How is a much bigger effort to be mounted? What type of taxes and on whom? Will the taxes on Fiat and Ambassador cars yield all that is needed? How do you ensure that the requirements of other investments and of incentives are met? It is easy to show that only a 10 per cent reduction in the richer group's consumption is needed. But how to bring it about when the top decile consists of clerks, industrial workers and middle farmers?

If we can find the will and the means to mobilise the necessary additional taxation, perhaps the mere lack of well-worked-out projects need not prevent us from using this approach, even inefficiently, for the benefit of the poor. But to do this indefinitely is not desirable or necessary. An additional taxation of Rs 800 crores over and above what is visualised in the Fourth Plan in effect means augmenting the total pool of savings. If the works programme cannot be financed by diverting resources from other schemes, additional resources will have to be mobilised. This requires sacrifices on the part of the rich.

Consumption cut

Dandekar calculates that the programme can be financed if the richest five per cent accept a 15 per cent cut and the second richest five per cent, a 7½ per cent cut in the consumption. On how exactly this is to be done, there is vagueness. In more concrete terms, it was estimated that such a rural works programme would call for a reduction in consumption of Rs 22.5 for a family of four persons spending Rs 300 a month and of Rs 75 for families with Rs 500 a month. Can economic reasoning and political lead combine to make our people ready for such sacrifices?

Also, there is the question of real resources. The problem arises from the very different consumption patterns of the rich and the poor. For instance, 35 per cent of the consumption of the richest 10 per cent consists of foodgrains while for the poor 20-40 per cent the portion is 60 per cent. Even if Rs 1,000 crores could be transferred to the

poor, we are left to live with the fact that the amount of foodgrains released by the rich is much less than what the poor will need. This situation cannot be managed except through rationing. Over time, there may be large surpluses of other things. If they can be exported, food can be imported. But this needs economic analysis.

Some economists have reservations on the quantification of under-employment in terms of poverty. Others have serious doubts about there being no dearth of projects. Which are the projects? Soil conservation, roads and minor irrigation? A substantial programme is already in the Fourth Plan. The scale of effort is much higher than in the past. R. M. Honavar and other economists feel that we are not yet geared to implement these rural works effectively. Even these simple works call for some amount of technical preparation and planning. To undertake big expansion of rural works without proper preparation can only mean wasteful use of resources and is little better than a pro-

gramme of doles. Maybe, we need to give doles. But let us not dress them up as works! If it is decided to expand the programmes manifold, we shall have to believe that well-worked out projects are available in plenty. And if projects are available and savings can be mobilised, why a supplementary works programme? Why not integrate it into the Plan?

To be productive and to provide employment in areas where poverty is most acute, rural works call for studies of the affected areas which are based on their potential. We have talked much of district and block planning but done little. There is still not enough appreciation of the technical nature of this work. It is in this context that the proposals outlined by B. S. Minhas became relevant. His emphasis is on integrated planning of development works in groups of villages by teams of experts. This planning is to become part of a policy of land consolidation. It is intended to prepare a comprehensive and integrated programme, with

concrete projects spelt out, which can be shown to be for the larger benefit of the community as a whole and not to serve the interests of the powerful few. Minhas also stresses the need for local participation, not just in organisation but in financing the programme. Without this contribution, we cannot ensure responsible participation of local communities in such a country-wide effort.

There were thus many reservations, on practical and theoretical grounds, about the rural works programmes. It was clear that the resources needed could not be obtained even with the steepest conceivable taxation on cars, cosmetics or cinema tickets. And the people in higher income brackets—not to speak of Ministers who live in rent-free bungalows located on 5-acre plots—will have to make greater sacrifices. Even if the funds were forthcoming, R. M. Honavar asked, where were the organisation and the managerial skills? There was little time to discuss a few more basic questions, such as Ashok Desai's on whether one should worry about income distribution when greater equality in consumption even through doles will end up in more uneven income distribution (since the poor will buy food and cloth produced by the rich and thus add to their profits). He therefore stressed the need for a better distribution not of incomes but of the means of earning livelihood.

Hard work

If we cannot manage efficiently our public sector industries and railways or implement the existing programmes for afforestation and for bridging the gap between irrigation potential and utilisation, what are the chances of making a success of the rural works programme? The answer seems to lie in the fact that economic development is a long, arduous and painful process which demands its price in hard work, discipline and co-operative effort which went beyond shouting slogans of equality and full employment. It remains to be seen if the new Government, no longer lacking the mandate, has the imagination and the will to call first of all upon the Ministers in the Union Cabinet to talk little, to travel less and to work harder so that each of their departments shows tangible results in a measurable period of time.

Talking of organisation, one could not praise too warmly the drive and thoughtfulness which went into the planning of the ISI seminar on Income Distribution. Helped by a few colleagues, T. N. Srinivasan got the ablest of the country's economists to write papers and give time for serious discussion. The amount of work put in by him and his co-operators has succeeded in collecting enough data and analysis as to make an excellent collection of learned papers and tracts for our time. And all this done within a matter of two months. While the seminar's volume of work is twice as much as that done by the Mahalanobis Committee on Income Distribution, the time and the expense cannot be even one hundredth. This shows what young, intelligent and determined persons can do. Economic Ministers in Mrs Gandhi's Government can do much worse than spend twice the time and the money in studying these papers and drawing the right conclusions in this trying moment of their victory. □



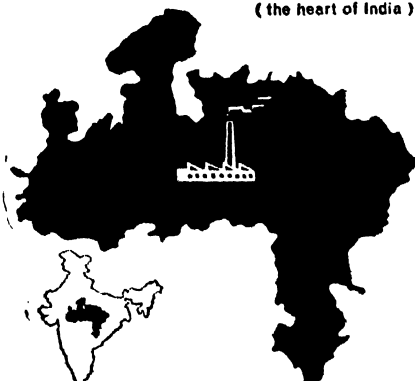
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INSIDE

Garment export potential

—A Special Correspondent

Focus on 'seam pucker'

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Problems of marketing

—R. D. Babna

Problems and prospects

By K. M. D. Thackersey

THE clothing industry has made impressive progress in the matter of exports. Starting with just about Rs 16 lakhs in 1962, exports of clothing have now reached the impressive level of over Rs 10 crores, and this achievement is really remarkable. However, we have got to aim very much higher as our total exports of Rs 10 crores do not constitute even one per cent of the international trade in readymade garments.

The manufacture of standardised garments on a mass scale with power driven machines was unknown in India till the beginning of the last world war. During the war some garment factories were set up in the different parts of India to meet defence requirements. With the cessation of war, this industry took up the production of garments for the civilian consumption. From the small beginnings made during the last world war, it has now developed into a giant industry having over 1,200 units, small and large. It consumes around Rs 65 to 70 crores worth of fabrics of different fibres, and the total value of production exceeds Rs 100 crores. In the western countries, 60-80 per cent

of the fabric production goes into garment factories for the production of garments on a massive scale for domestic production and for exports. In India, the traditional wear being the dhoties and saris, the consumption of cloth by garment factories may not reach such high proportions. Yet the industry in India has so far been able to cater to a major part of the requirements of the urban population, leaving out the vast rural markets. Once the industry expands to cover these areas, I have no doubt that the production capacity will have to be increased. I am told that the main problem facing the industry is the marketing of the products in the rural parts of the country. By and large, I am certain that the industry will be able to work out the mechanics of operation in the backward areas of the country and that their production of garments will increase from the present level.

I am aware of the number of handicaps which come in the way of the clothing industry doing its export performance. One of these is the high price that the industry has to pay for its raw material viz cloth. Quality of cloth is also a matter of great importance. Efforts are being made by all the authorities concerned to ensure that these disadvantages of the clothing manufacturers of India are mitigated to the maximum possible.

Excerpts from the address of Mr Thackersey, Chairman of the Cotton Textiles Export Promotion Council, to the eighth annual general meeting of the Cotton Manufacturers Association of

The Government of India has

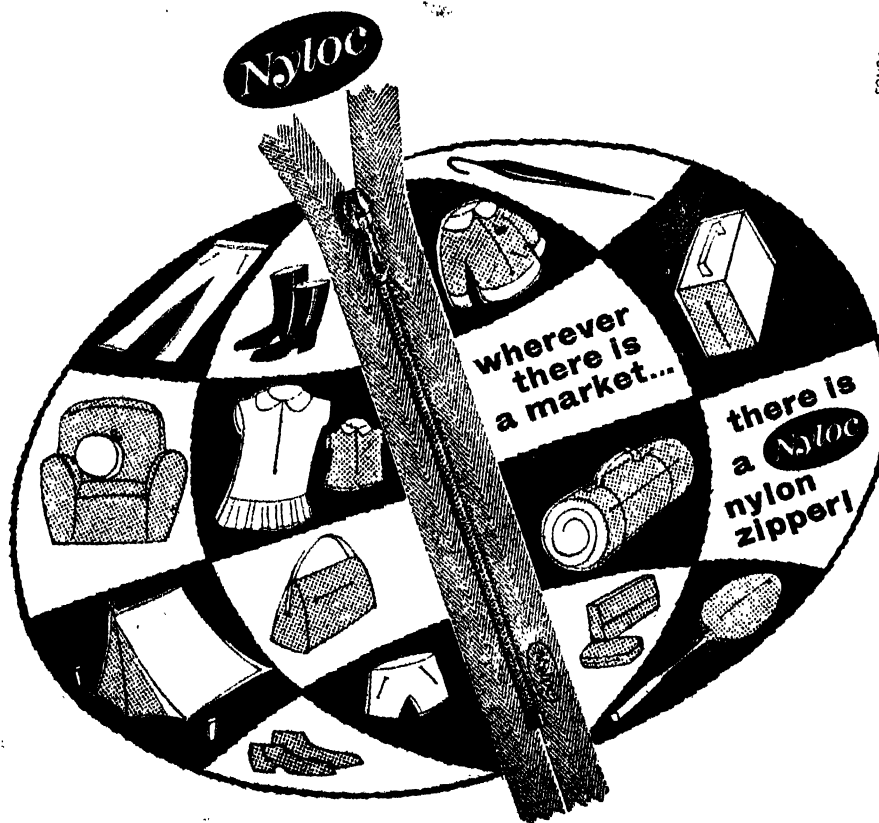
agency under its umbrella for the export promotion work of garments of different fibre fabrics. Texprocl set up the Ready-made Garments Panel in June 1970. Today, the Panel has enrolled as many as 450 members, and more and more people interested in exports of readymade garments of different fibre fabrics are joining the Panel. We expect that by the end of 1971, there will be as many as 500 members if not more. It is also encouraging to note that at least 50 or more ladies manufacturing high fashion garments have joined the Panel, and that their high fashion garments are finding a good market abroad. I am told that till 1968 or 1969, the bulk of our exports in cotton garments were in the traditional wear like shirts and slacks to the USSR. In 1970, the exports of fashion garments to the western countries have increased substantially and that out of a total export of Rs 6.3 crores

of cotton garments, about Rs 2.5 crores are in the form of fashion garments. While this is an encouraging development, it is necessary that we should try to increase our exports of traditional garments such as shirts, slacks, pyjamas and industrial clothing, if we are to step up our exports from the existing level of around Rs 11 crores to say Rs 25 crores or more.

In the context of the world trade in clothing of all fibre fabrics of the order of around 3,600 million dollars of both woven and knitted fabrics or around 2,000 million dollars or Rs 1,500 crores of woven fabric garments of all fibre fabrics, there is tremendous scope for India to increase her share in the world markets and I would venture to say that our legitimate share in the world markets should be at least 100 million dollars or Rs 75 crores of both woven and knitted fabrics garments.

Some of the western countries, like the USA, the UK the Common Market Countries of France, West Germany, Italy, Holland and Belgium have established quotas for export of cotton textiles, inclusive of readymade garments. It has been found that although the quota is distributed on the basis of free licensing even in the case of the USA, the utilisation is far from satisfactory. I would like to see the day when the entire quota in these countries is fully utilised.

New avenues for clothing manufacturers have also opened up by the increasing popularity of typically Indian garments. This is a field in which both alertness and ingenuity are very much necessary so that opportunities are not lost as they come, and on the other hand, one is not found sticking to fashions which are on the wane.



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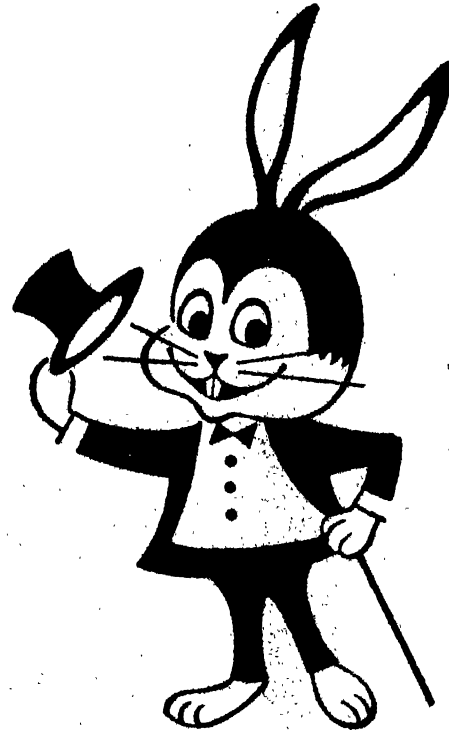
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Exporting readymade garments

By A Special Correspondent

THE United States of America, with a population of about 200 million, consumed about \$45.3 billion worth of ready-to-wear apparel of different fibre fabrics and blends in 1970. The consumption has been increasing at an average annual rate of 7.7 per cent during the '60s. Table 1 gives figures of consumption from 1960

Table 1: Apparel consumption 1960-70

Year	Consumption (Billion dollars)
1960	22.7
1961	23.3
1962	24.8
1963	25.7
1964	28.2
1965	30.4
1966	31.1
1967	36.0
1968	39.1
1969	42.6
1970 (estimated)	45.3

Western Europe with a population of over 300 million and with affluent conditions more or less similar to the United States consumes as much as the United States, if not more.

The international trade in ready-to-wear apparel was at about 3,600 million dollars in 1970, and the same has been rising at an annual growth rate of about 10 per cent. Of this about 70 per cent was in apparel manufactured from woven fabric and the balance knitted fabric garments. The recent trends however indicate that the consumption of apparel manufactured from knitted fabric is on the increase and that by about 1975, the consumption may reach 50 per cent of the total, because of its stretch properties.

In assessing the prospects of ready-to-wear apparel in the '70s one of the leading manufacturers in the United States says "our affluent society, both male and female will want ever changing fashion in its clothes and is willing to pay. It is not satisfied with last year's styles. Consumers want change and this means increasing sales volume in apparel".

Hong Kong, one of the leading manufacturers and exporters of apparel in the East, exported over \$680 million worth of apparel in 1970, more than 50 per cent of it in woven fabric wear and the balance in knitted fabric wear of different fibre fabrics and blends. In 1969, its exports were of the order of \$630 million, and in 1971, its exports may cross the \$700 million mark.

India's exports of apparel of all fibre fabrics and blends manufactured from woven as well as knitted fabric were of the order of about \$26 million in 1970.

Table 2 gives the figures of exports during the past nine years.

India has gone a long way in increasing its exports from a meagre \$880,000 in 1962 to \$25.70 million in 1970, an impressive increase, indeed. However, in the context of the world trade the exports are insignificant. It is more so because our bulk exports are to the rupee payment countries and particularly to the USSR. In 1970, out of a total export of Rs 1,928 lakhs, over Rs 1,300 lakhs were to the USSR. It is only during the past two years that there has been some diversification, and especially in the case of exports of apparel manufactured from cotton woven fabric, the offtake by the Western countries is almost as much as the offtake by the USSR.

In the international trade in apparel of around \$3,600 million in 1970, the USA accounts for more than \$1,200 million, Western Europe another \$1,200 million and the balance is shared by Hong Kong, Japan, China, South Korea, Taiwan, Philippines, Pakistan, Singapore and India. Recently, Ceylon has started exporting apparel manufactured from imported fabric from China and Japan, and the USSR is the main buyer.

In the context of the ever-increasing world trade in apparel, a question that arises is what should be India's legitimate share. If India is to increase the unit value realisation of textile exports, it has to rely more and more on apparel exports, and it would be reasonable to lay down a target of \$100 million or Rs 75 crores per annum, of which half will be woven fabric apparel and the other half knitted fabric apparel of all fibre fabrics.

In the case of exports of woven fabric apparel of different fibre fabrics such as cotton, wool, natural silk, synthetics and

Table 2: Exports of apparel 1962-70

Year	Woven	Knitted	Total	In million dollars
1962	22	20	42	0.88
1963	260	22	282	5.33
1964	220	30	250	5.25
1965	350	130	480	10.23
1966	358	273	631	8.41
1967	335	400	735	9.80
1968	540	622	1,162	15.49
1969	830	626	1,456	18.00
1970	1,100	828	1,928	25.70

Note: The figures for 1970 have been estimated.

blends, there is considerable scope for exports from the existing level of Rs 11 crores in 1970.

During 1970, our exports reached a level of Rs 6.50 crores which was Rs 4.37 crores in 1970. Our exports to some of the

Western countries like the USA, the UK, and the Common Market countries of France, the Federal Republic of Germany, Italy, Belgium-Luxemburg and the Netherlands are regulated by annual quotas. If only we could fully utilise the quota ear marked year by year, we could increase our exports to Rs 20 crores. Then there are the other countries like Sweden, Denmark, Norway and Finland, which are large potential importing countries. While we have achieved some good results in Sweden—from Rs 34.3 lakhs in 1969 to Rs 47 lakhs in 1970—this market alone can consume another Rs.50 lakhs or more of apparel if the market is properly nourished.

The main problem faced by the apparel manufacturers is the supply of fabric at reasonable prices. In normal times, it has been found that the price of Indian cotton fabric is at least 30/35 per cent higher than the price of the fabric in Japan or Hong Kong. In abnormal times, like at present, the Indian price is 45 to 50 per cent higher. In such circumstances it becomes extremely difficult for an apparel manufacturer to go in for exports in a big way.

It may be interesting to note that apart from exports of about Rs 341 lakhs to the USSR, out of total exports of Rs 650 lakhs to all the markets in 1970, at least 90 per cent of our exports to the other markets were in the fashion field, and hardly anything in the utilitarian field such as shirts, slacks, pyjamas, etc. In 1970, we could do hardly anything in the utilitarian wear, because in this field our prices were at least 15/20 per cent higher than the international prices. In the case of utilitarian wear, the international price is more or less established, and if our prices are higher even by a few cents, we lose the business. However, unless and until we build our trade in the bulk utilitarian wear, it is next to impossible to step up our exports.

In this respect, it is necessary that a more realistic scheme of export promotion is evolved, by which the supply of fabric to the apparel manufacturers is assured, and that there are no violent variations in prices from month to month, as has happened at present.

In this context it is encouraging to note that the Government of India has now introduced a scheme for import of cotton fabric with specialised finishes for export in the form of garments. If this scheme is properly implemented avoiding procedural delays, it may be possible to step-up exports considerably from the existing level. The scheme may also act as a break for indigenous manufacturers to keep down the prices at reasonable levels.

Natural silk manufactured on handlooms is a speciality of India, and in 1969, India's exports of natural silk textiles were of the order of Rs 1965.8 lakhs of which apparel accounted for Rs 66.8 lakhs. In 1970, the exports of fabric and all made-up items like scarves declined to Rs 1357.2 lakhs. However, the exports of apparel including neckties increased to Rs 101.6 lakhs, an increase of over 50 per cent compared to 1969. Natural silk fabric apparel exports hold considerable prospects, and it is encouraging to note that a number of ladies possessing a knack for designing have come into the field, and it seems that as in 1970, our exports in 1971 should be much higher. The exports of natural

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silk ties in typical Indian designs have been picking up, and in 1971 the exports should reach a level of Rs 50 lakhs or more from Rs 32.25 lakhs in 1970.

Western countries are the bulk buyers of natural silk apparel, but in these countries the import tariffs for apparel are much higher than for fabric, as high as 40 per cent in some countries, whereas the import tariff on fabric is much lower. This reduces the competitive capacity of the silk apparel.

Wholly wool apparel is losing its charm, though some of the countries like the UK, Federal Republic of Germany, to some extent the USA, and Australia and New Zealand do patronise wholly wool apparel. India's exports were mainly to the USSR, during the years 1967 and 1968. However, since then the USSR more or less stopped buying woollen apparel and switched on to terry/wool apparel, particularly trousers. The exports in 1970 were not more than Rs 20 lakhs or so. The prospects for future are now considered to be bright.

In 1969, the total exports from India of apparel manufactured from rayon, synthetic and blended fabrics were of the order of Rs 326.5 lakhs, which declined to Rs 320.5 lakhs in 1970. However, this is the age of synthetics, and it is necessary that we evolve a realistic scheme for export of

apparel manufactured from blended fabrics such as polyester/wool and polyester/cotton fabric apparel. This is a field where India has to take considerable strides.

The apparel industry has been pressing the Government since 1966 for setting up a separate Export Promotion Council for all fibre fabrics. It is encouraging to note that short of a separate Council, the Government has centralised the export promotion work of all fibre fabrics apparel under the umbrella of the Cotton Textiles Export Promotion Council (TEXPROCIL). The Council set up a Readymade Garments Panel in June 1970, and by now it has enrolled about 450 firms as its members. Now the apparel export interests can look to one agency instead of different agencies charged with the responsibility for the export promotional work connected with apparel of different fibre fabrics. While this is a major development in the export promotional efforts, it is necessary that all the work including the distribution of quotas, where quotas have been established with foreign countries, is centralised in the Texprocil, which has years of experience in the administration of the quotas. At present, the quota for "India Items" in the case of the USA, is handled by the Handicrafts Board and handloom apparel quota by the Handloom Export Promotion Council. When there is a centralised agency, all

the work should be centralised in that agency instead of its being done by different agencies.

The recent decision taken by the Government in allowing imports of fabric of different fibres and blends including cotton fabric with specialised finishes for conversion and re-export in the form of garments is a major move in the right direction. If the scheme is implemented without too many procedural bottlenecks at the official level, there is no doubt that the Indian garment industry will be able to take maximum advantage of the scheme for increased exports of apparel. Hong Kong, South Korea, Taiwan, Singapore and Philippines have been able to build large exports in apparel, and one of the main reasons for this development is the easy access to imported fabric for conversion into apparel and re-export. Even countries like Pakistan and Ceylon having cheap labour have fallen in line with the other South-East Asian countries, and allow import of fabric for re-export in the form of apparel. In the case of Hong Kong, for example, it is estimated that out of \$680 million worth of exports of apparel of all fibre fabrics and blends, only about 50 per cent accounts for net foreign exchange realisation.

Apparel manufacturing machinery, especially various types of sewing machines, is undergoing day-to-day changes and various kinds of labour-saving devices are being introduced in the four leading manufacturing countries like the USA, the UK, the Federal Republic of Germany and Japan. So far as India is concerned, it has to depend upon imported machinery for the manufacture of apparel. It was recently reported that some of the leading manufacturers produce as many as 600 types of apparel manufacturing machines. Japan, for example, manufactures highly specialised sewing and other apparel manufacturing machines. But on account of major research going on in other manufacturing countries it imported about 12 to 15 thousand sewing and other machines last year. If India is to make a bold bid for increasing exports of apparel, a more simple scheme for imports of such machinery and spare parts should be introduced.

Till 1968 or so, India's exports were mainly in the utilitarian field like shirts, slacks and some industrial clothing. Like the Bleeding Madras apparel boom in 1963-65, there was a sudden demand for fashion garments of pop apparel in 1969 and 1970 and it is encouraging to note that especially in 1970, at least 40 per cent of Indian woven fabric apparel export is in the fashion field. While the fashion field is vast it is necessary that side by side, utilitarian field of classical shirts, slacks, and also the industrial field is fully exploited, so that India may fully utilise its expertise and labour to earn the maximum foreign exchange.

With regard to prospects in the '70s, one of the leading US manufacturers says that one has only to look back over the changes that have taken place in the past 10 years in the American life-style to realise that further changes are inevitable during the next decade. He says that these changes will be even broader in scope and depth than those that have taken place in the '60s. He ventures to predict that the American consumer 10 years hence will be prone to spending money on consumer goods. Here lies the scope for India.



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Focus on 'seam pucker'

By V. CANTHASWAMY

HOW often do we notice that the small wrinkles in the collar, cuff, pocket or any other seam affect the good appearance of a garment? "Seam Pucker" is among the most commonly recurring problems in the stitching trade and it merits a satisfactory answer. Is the pucker problem capable of solution?

Experience gained over the years, both under "laboratory" conditions and on the factory floor, has pointed the way towards reduction, if not elimination, of puckering under all but the most exceptional circumstances. Advice on pucker has also been forthcoming from many other sources, but as the sewing thread appears to many users to be the chief cause of difficulties, Coats have had to study the problem not only in relation to thread but taking into account the many other factors which can have a direct bearing on seam pucker.

The most striking aspect of seam pucker which is immediately evident on closer investigation is the number of variables which may individually or in concert result in seam shrinkage or puckering. These are: Condition and type of sewing machine; needle size, number of stitches per inch, and direction of sewing; tension and stretch imparted to the thread and fabric at sewing; fabric construction and finish; and thread and fabric shrinkage.

The Machine: The mechanical condition of the sewing machine is an important consideration. A machine which is not carefully maintained and requires adjustment and oiling can produce an appreciable degree of puckering compared to the same machine working efficiently. This is perhaps elementary, but, nevertheless, important. As regards the type of machine used, it will be found in general that a chain-stitch seam will give less pucker than a lock-stitch seam. This is due to the fact that, if the top and bottom threads are balanced in a lock-stitch, the stitch knot will lie midway between the two surfaces of the fabric. In the chain-stitch formation there is no crossing or looping of the thread in the fabric, and, consequently, there is less internal bulk for each stitch formation.

Needle size and stitch size: To reduce puckering the smallest diameter of needle

possible should be used, there being less distortion of the warp and weft yarns; for the same reason, the number of stitches per inch should be kept to a minimum consistent with the end-use properties of the material. The direction of sewing will also affect the extent of distortion to the material and thus contribute to the puckering. Generally speaking, a seam running parallel to the weft is less likely to show signs of pucker than one parallel to the warp, and a seam sewn on the bias of the material still less likely. While it would certainly appear to be a happy solution to the pucker problem if all seams were to be stitched "on the cross", this is obviously far from practicable in most cases, and would certainly create vast problems for fabric designers and makers-up.

Sewing tensions and fabric feeding: It is known that the high tensions operating during sewing can play a large part in producing puckering of the seams. In any assessments which have been made of the relative importance of the variables in this problem of pucker, this aspect has emerged as perhaps the most important factor. Unfortunately, any significant reduction in the tension at sewing may result in a "gaping" seam of poor appearance and strength. The stretching of the cloth during its manipulation by the machine operator also contributes to seam shrinkage, e.g., the operator might have a tendency to push or pull the fabric into the needle area. Pucker can also be introduced in this way as a result of slippage between the feed-dog and the fabric. Careful attention to the timing and setting of the feed mechanisms of the sewing machine, plus a little judicious guidance of the material by the operator, will contribute greatly to reducing pucker in the finished seam.

Fabric construction and finish: Since puckering is frequently due to the differential shrinkage of the thread and the material, it is obvious that the nature of the material will be of considerable importance. The introduction of resin finishes for non-iron fabrics and easy-care, commonly known as "wash and wear" or "drip-dry" garments has considerably added to this problem in recent years.

Thread and seam shrinkage: A comprehensive examination of the effect of cotton thread shrinkage and seam shrinkage made in Coats Research Laboratory produced the following significant results:

The shrinking of thread in the seam is independent of the type of spool or cop from which the thread is taken. Since tensions at sewing are greater than those met in any of the final winding operations carried out by the thread manufacturer, it follows that the type of packing in which the thread is prepared can have no effect on seam shrinkage.

Seams made from threads which had been shrunk by subjecting them immediately prior to sewing to identical treatment as used in the shrinkage tests, shrink by a similar amount as seams made from threads with no pre-shrunk treatment.

The amount of seam shrinkage is less for fine counts than for coarse counts.

From this it would appear that the most significant factor in seam shrinkage or puckering is the tension applied to the thread during sewing. In other words, what is commonly referred to as "seam shrinkage" may, in fact, be the relaxation of the thread from tension applied in the stitching operation.

From time to time, there appear on the market threads which are reputedly "pre-shrunk", but, for the majority of stitching operations, these threads have little more than "gimmick" value. Since "pre-shrunk" threads must still be sewn under some degree of tension and will relax from this in the same way as an untreated thread, little advantage is likely to be gained by their use. Of course, specially "treated" threads may have a definite advantage in the rainwear trade as a counter to "after-wetting" pucker.

There is little doubt that the use of the lightest possible sewing tensions provides the major part of the solution to the pucker problem, but only insofar as it arises from the so-called "shrinkage" of thread in a seam. The choice of a suitable sewing thread is in itself a matter of considerable importance. Obviously the use of the finest size, and a suitably fine needle, will serve to minimise pucker, but thread strength is also an important factor. Strength should be synonymous with quality and a sewing thread produced from high-quality long-staple cotton and spun, twisted and processed to give a smooth, even finish, with a nicely balanced twist, will clearly give not only the resultant seam strength required but also a better sewing performance, with the minimum of drag in the tensions.

While it often tends to obscure the issue, no investigation into the cause and solution of pucker would be complete without a word on synthetic fabrics and threads and the "after-wetting" pucker problem. With the advent of "wash and wear" or "drip-dry" fabrics, the home laundering activities of the public have been greatly stimulated, and many garments which in former years would have been dry-cleaned are now being consigned to the wash-tub. This being so, it is worthwhile

Mr Canthaswamy is Industrial Marketing Manager of J. & P. Coats (India) Private Limited.

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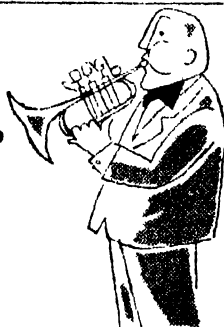
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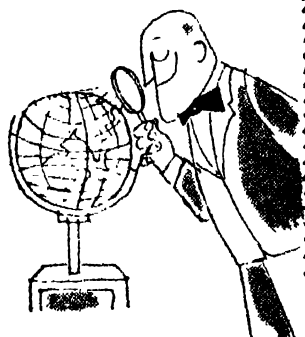
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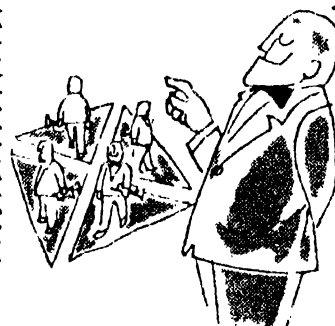
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considering how the thread in a seam is affected during washing and how after-wetting pucker arises. The thread, in absorbing moisture, swells, and with the increase in diameter comes a proportionate shortening in length. As a result, the yarns of the fabric become distorted, and although on drying the thread resumes its original dimensions, the fabric tends to remain cockled. A minute looseness of stitch is obviously necessary to offset this shortening in the length of the thread when wet, which bears out the recommendation to apply only the lightest possible tensions at sewing.

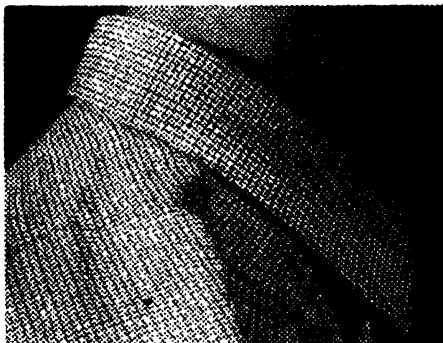
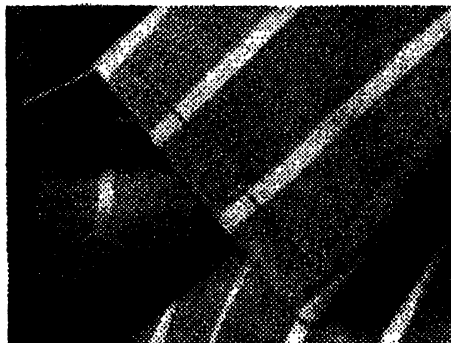
The many resin-treated fabrics now being marketed to provide cotton's answer to the synthetic challenge have brought additional complications in that the finish increases that density of what is already a closely woven material. Since puckering is basically a distortion of the fabric yarns, a closely woven material will be more susceptible to puckering than one which is loosely constructed. This type of resin finish is, of course, most frequently applied to light-weight cottons or poplins, and similar problems are also presented by the crease resistant finishes which have been developed for rayons and cottons.

Synthetic and blended fabrics must be sewn with threads of similar dimensional stability. So, in the end, we cannot promise that puckering can be entirely eliminated, but we hope to have shown the true nature of the problem and the way in which it can be greatly minimised.

Close attention to the correct relation of needle and thread size to fabric construction, and application of the lightest possible sewing tensions, together with careful manipulation of the material in the needle area, will go a long way towards solving pucker problems in the sewing room.



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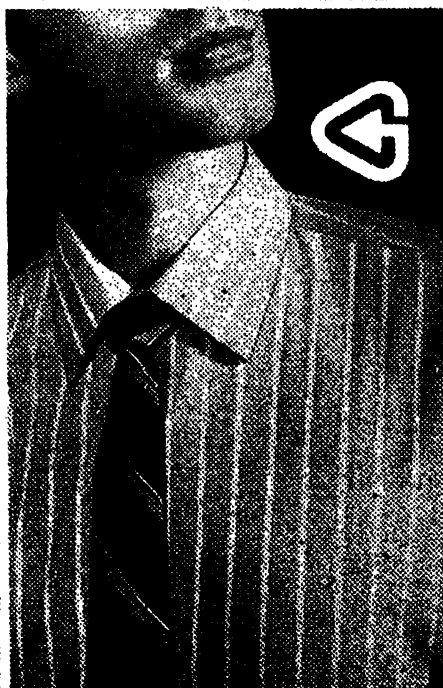
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Problems of marketing

By R. D. BUBNA

THE readymade garments industry has to fulfil three main tasks: clothe the common man, provide protective or industrial clothing or uniforms, and earn valuable foreign exchange by exports. The pattern of this industry at present is that for clothing the common man, it has been able only to find a place among the urban population of the wealthy or higher middle class category through retail/departmental shops. For providing protective clothing or uniforms, it has adequately to meet the demand of the railways, municipalities, big industries, etc., but only with poor quality of stitching. And lastly, in the export field it is trying very hard to achieve bigger targets year after year against heavy odds, in spite of the

proclaimed Government policy and active steps to provide all assistance.

There is no denying the fact that there is vast scope for a tremendous development of this labour-intensive industry. Yet, the tragedy is that, but for a few exceptions, idle capacity exists in a majority of the organised factories, and even those which are running cannot plan for long-term, continuous production on single or two shifts even for the next six to eight months and have to continuously search for new items or markets to be able to run the show. Sometimes those units which are running feel the urgent need to expand themselves further while others remain idle. Nevertheless, they are not sure that they will be able to continue the increased production for long.

Let us now go into the difficulties in their way and the reasons for this strange phenomenon. In clothing the common man the industry suffers, from a variety of

handicaps. These can be summarised as follows:

Uncertain supply position of one quality of fabric at a fixed, reasonable price for a longer time from the same source. Either the price is increased every time or the quality is changed. The manufacturers have mostly to depend on wholesalers and semi-wholesalers of fabrics for their raw material supplies.

Lack of distribution channels in reaching the rural population. The local individual tailor in a village could still stitch a shirt or a garment at a very cheap price and with less consumption of cloth for individual requirements; though, without the unnecessary presentation materials like pins, cardboard inserts, labels and tags, collar lifters, polythene bags and cardboard boxes, etc. which are very essential for marketing and handling by the urban retail/department stores.

The evil practice of consignment basis or long-term credit sales by readymade garment factories to upcountry retailers leaves the manufacturers with mounting undisposible end-pieces, outdated designs, colours and qualities of fabrics, unsorted sizes of garments, bad debts and disputes - earned profits remaining with buyers as outstanding dues.

Apathy of the Government in the matter of allowing liberal import of latest machines, ancillary equipment and balancing and replacement machines for old machines and spares to make the domestic base sound and flexible.

Mr Bubna is Manager of the Garment Division of Todi Industries Pvt Ltd, Bombay

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While these difficulties are also common to the industry in regard to the production and marketing of protective clothing, the system of tendering of rates for stitching charges and the average consumption of cloth by Government, semi-Government and the civil authorities and big industries which provide their own fabrics, and the practice of awarding orders to the lowest rates and least consumption lead to the following adverse results:

The evil practice of employees returning stitched garments to the factories which give much less cloth or value of the garment in exchange.

Large orders far in excess of their capacity getting in the hands of very small contractors employing temporary piece-rate basis tailors and the resultant delay in supplies, or leading to further sub-contracts resulting in deterioration in quality.

item to another, which makes it difficult to plan long-term production.

In earning valuable foreign exchange by exports, the difficulties faced by the industry are numerous but we may cite a few basic ones here.

Local sales or fabric-form export outlook of the mills and factories producing basic fabrics as also their domination in respective export promotion councils and commodity boards.

Quality, finish and printing, etc. of Indian fabrics comparing very unfavourably pricewise with those of other countries, in the international market for traditional items of garments.

The resultant reliance only on Oriental designs of handloom and silk fabrics, etc., which could only be suitable for fast-changing seasonal fashion garments, orders for which could be only for smaller lots in a variety of colour schemes and styles and requiring deliveries at very short notice.

Miserable lack of availability of international quality trimmings and embellishments and basic fabrics for sampling purposes.

Arbitrary and impractical attitude of the postal appraising section which makes it almost impossible to get timely samples of garments from abroad to indicate style, workmanship, measurements, etc. for pre-

paring counter samples and offers. The notice of arrivals are not sent for weeks and import customs duties and penalties are levied exorbitantly.

Lack of training, education and knowledge about changing fashion trends, styles and fabric qualities and colour schemes, etc., in foreign markets, liaison between international fashion designers' clubs and Indian manufacturers being practically absent due to the very high service charges of foreign designers and trend setters, there being lack of facilities for remittance of their service charges in foreign exchange by Indian manufacturers.

There is also complete lack of details in the hands of manufacturers in India regarding quality of fabrics, styles, measurements and finish of the garments and trimmings and embellishments for such items of uniforms for which large tenders are regularly issued by Middle East and African Arab Governments and oil companies. The intimation about such tenders are also received and circulated very late, hardly leaving any time for seeking clarifications.

There is abnormally long delay in taking policy decisions for renewing, changing or starting new export promotional schemes by the Government which result in loss of orders that could be secured by timely decisions.

Even where decisions are favourably taken, cumbersome and numerous restrictive drills and procedures and formalities have been provided by excise, import and export authorities and export promotion councils and sponsoring authorities with regard to refunds and drawbacks, incentive licences and cash assistance and export quotas, etc, which result in rendering the exporting manufacturers to the mercy of scores of officials who in their zest to safeguard revenue or to follow the rules to the literal meaning or justify their existence in the office or in the department often suffer from a misuse mania and even forget the basic concept of export promotion and act inconsistently and whimsically to hinder or delay exports and as such the manufacturers take months and even years to realise the overall total benefits of export (which are too meagre). With a little slip or mistake, either the shipment is delayed, L/C is expired, order is cancelled, goods remain back with full liability of cost or the manufacturers stand to lose the export benefits--credit for which is already allowed in export prices and thus it becomes a losing proposition.

All importance is given only to the top and very few leading manufacturers in representations on foreign tours; nominations on export promotion councils, regional or advisory policy forming or licensing bodies, etc., with the result that smaller but numerous manufacturers hardly get any chance to come up, increase exports or expand their capacity or modernise their equipment.

If this labour-intensive industry, which has a very large and tremendous employment potential with minimum capital investment requirements, has to play its correct part in strengthening the economy it is necessary to adopt a very bold and unorthodox attitude and provide liberal and simple remedies to the existing ills. The promotional schemes framed must also be short and very simple and practical for implementation and should be able

A high-contrast, black and white photograph of a hand holding a small, irregularly shaped, light-colored object, possibly a piece of wood or a small animal, against a dark background. The image is grainy and has a high-contrast, almost stencil-like quality. The hand is positioned with the palm facing upwards, and the fingers are slightly curled around the object. The object itself is light-colored and has a rough, textured surface. The background is dark and indistinct.



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CROP AND COMMODITY SURVEY: MARCH 1971

Marketing of wheat begins

By Commerce Research Bureau

THE marketing of wheat has begun in the major wheat producing States of Punjab, Haryana, Madhya Pradesh and Rajasthan. In Uttar Pradesh, the marketing of wheat will commence in mid-April. Reflecting this, the prices of wheat in the selected markets declined by about 7 per cent. With the pace of arrivals gathering momentum in April, the prices of wheat are expected to fall further. Already, the current prices of wheat are 26 per cent lower than the level a year ago.

On March 25, the Agricultural Prices Commission (APC) released its "Report on Price Policy for Rabi Foodgrains for the 1971-72 Season". The APC's two major recommendations are:

(1) Reduction of the procurement price for red wheat from Rs 71-74 per quintal fixed by the State governments for the 1970-71 marketing season (April-March) to a uniform price of Rs 68 for the 1971-72 marketing season and for Mexican and indigenous common wheat from Rs 76 to Rs 74 per quintal. In recommending reduction in the wheat prices the APC has stated that for a sustained growth of output, incentive has to be kept alive, but the appropriate way of doing so would be to protect the cultivators' profit margins through increases in the efficiency of cultivation and consequential reduction in the unit cost of output rather than through artificial props to prices. However, the State Chief Ministers are unlikely to accept this recommendation. On March 31, the first reaction came from the Chief Minister of Punjab, Mr Prakash Singh Badal. He said that the procurement prices for wheat as recommended by the APC are too low and demanded a higher procurement prices for wheat.

(2) A higher procurement target of four million tonnes for the 1971-72 marketing season out of the 1970-71 crop, against the

procurement target of 3.7 million tonnes and actual procurement of 3.2 million tonnes in the preceding season. It may be noted that the pace of increase of wheat procurement in recent years is not commensurate with the rise in wheat output. For instance, during the last three years (1967-68 to 1969-70), while the production of wheat increased from 16.5 million tonnes to 20 million tonnes, the procurement of wheat increased from 2.3 million tonnes to only 3.2 million tonnes. The higher procurement target proposed by the APC is justified on the following two grounds: (i) In 1970-71, the outturn of wheat is estimated to have increased by one million tonnes to 21 million tonnes. (ii) The Government has decided to stop the concessional food imports by the end of 1971.

The food balance for the public distribution system for the calendar year 1971 is estimated to be 8.5 million tonnes. Of this, the procurement of *khari* cereals accounts for 3.5 million tonnes and the proposed wheat procurement amounts to four million tonnes. The gap of one million tonnes is likely to be made up by imports. At the end of 1970, the country's buffer stocks of foodgrains stood at 34 million tonnes. On April 1, India concluded a PL 480 agreement with the US for the import of 1.57 million tonnes of wheat, 2.25 lakh bales of cotton and 75,000 tonnes of vegetable oils mainly soyabean oil. The wheat import is intended to help the country achieve its foodgrains buffer stock target of five million tonnes.

The supply and demand position of various agricultural commodities, their prices and other related developments during March are reviewed in the following paragraphs. Our State-by-State reviews appear after the commodity reviews.

Rice

The daily arrivals of rice at the up-country centres declined during March but for this particular time of the season, they were normal. The prices of rice in the Tadepalligudem market (Andhra Pradesh) showed a further rise of 7 per cent during the month under review owing to the seasonal demand. However, in the Hapur (Uttar Pradesh) and Calcutta markets, the rice prices dropped marginally. The current prices are marginally higher than the level a year ago.

Wheat

With the commencement of the marketing of new wheat crop, the supply position of wheat improved markedly in March. The APC has estimated the overall production of wheat to increase by one million tonnes to 21 million tonnes in 1970-71. Reflecting this, the prices in the selected markets declined by about 7 per cent. Significantly, the current prices are lower by about 20 per cent than the level a year ago.

Barley

The supply position of barley—a *rabi* crop—improved with the arrivals of new crop. Reflecting this, the prices of barley in the Bhatinda market (Punjab) at Rs 41.70-46.25 per quintal showed a further fall of about one per cent. The current prices in this market are about 32 per cent lower than the level a year ago.

Jowar

The new crop of *rabi* jowar has started flowing into the markets. However, the overall supply position of jowar in the country is expected to be significantly

lower than last year's level owing to the shortfall in the outturn of Maharashtra crop, a major producing State in the country. The prices of jowar in the Raichur market (Mysore) at Rs 78 per quintal showed a further sharp fall of Rs 11 per quintal. The current price is lower by about 20 per cent than the level a year ago.

Bajra

The supply position of bajra continued to be satisfactory in the country. But with the start of summer season, the demand for bajra has declined. Reflecting this, the prices of bajra (superior) in the Bombay market at Rs 62-72 per quintal showed a fall of 4 per cent. However, in the Hapur market (Uttar Pradesh), the prices ruled steady. The current prices in these two markets are lower by about 24 per cent and 48 per cent, respectively, than the levels a year ago.

Maize

After declining in the preceding month the prices of maize in the Hapur market (Uttar Pradesh) at Rs 52.50-60 per quintal moved up sharply by about 15 per cent owing to the brisk demand in the face of reduced arrivals. However, in the Bhatinda market (Punjab) the prices were steady. The current prices in these two markets are about 19 per cent lower than the levels a year ago.

Tur

The supply position of tur was satisfactory and the daily arrivals at the terminal centres were normal. In the Bombay market, the prices of tur (Berar white) at Rs 110-112 per quintal showed a fall of about Rs 9 on account of good arrivals from the producing centres. On the other

hand, the price in the Hapur market (Uttar Pradesh) at Rs 135 per quintal remained unchanged. The current prices in these two markets are significantly lower than the levels a year ago.

Gram

For gram, Uttar Pradesh, Haryana, Rajasthan and Madhya Pradesh are the important producing States. The harvesting is completed in March and the new crop has started entering the markets. Reflecting this, the prices of gram (*kahl* variety) in the Rohtak market (Haryana) dropped by 3 per cent. However, in the Botabai market, the prices of gram (Punjab variety) at Rs 84-86 per quintal showed a rise of Rs 4 owing to the festive demand. The current prices in these two markets are lower by about 24 per cent than the levels a year ago.

Cotton

For 1970-71 (September-August), the estimated production of cotton continued to be placed lower at 54 lakh bales, against 58 lakh bales during 1969-70.

With the Gujarat cotton crop in the market, the supply position of cotton continued to be easy for the second month in succession. As a result, the prices of the popular varieties in the Bombay market declined further by 2 to 3 per cent during March. Nevertheless, the current prices are about 40 per cent higher than the levels a year ago.

The data on the consumption of cotton by mills for the first quarter (September-November 1970) have now become available. According to the data, the consumption of cotton has been placed high-

er at 15.45 lakh bales during September-November 1970, against 14.96 lakh bales during the same period last year. Still, the pace of imports of cotton is slow. During the period September 1, 1970 to March 13, 1971, the imports of cotton aggregated 1.66 lakh bales, against 3.91 lakh bales during the corresponding period in the preceding season. The sales of Bengal *Deshi* cotton registered for export, from September 1, 1970 to March 27, 1971 amounted to 1.23 lakh bales, against 1.81 lakh bales during the comparable period of last year.

The Union Government in consultation with the State governments concerned has finalised details of an Intensive Agricultural Development Programme (IADP) for boosting cotton production. This programme will be initiated in nine States covering an area of 5.8 lakh hectares initially, which will be gradually extended to 13.5 lakh hectares during the course of the next three years. The districts selected for this programme are:

Bhatinda (Punjab), Hissar (Haryana), Ganganagar (Rajasthan), Khargone and West Nimmar (Madhya Pradesh), Baroda (Gujarat), Yeotmal (Maharashtra), Kur-nool (Andhra Pradesh), Karwar (Mysore) and Tirunelveli (Tamil Nadu).

Jute

The production estimate of jute and mesta for 1970-71 (July-June) continued to be placed lower at 62 lakh bales, against 67.50 lakh bales in 1969-70. Even then, the overall supply position of raw jute continued to be satisfactory in March also. In fact, the jute mills have satisfactory stocks of raw jute with them.

In the Calcutta market, the daily arrivals of raw jute declined from 40,000 maunds in February to 35,000 maunds in March. However, these arrivals were normal. Owing to rather sharp rise in prices of jute goods section, the price of Assam Bottoms in the Calcutta market, after declining in the preceding month, moved up sharply by about 18 per cent. The uptrend

in jute market is likely to continue for some more weeks on account of stoppage of jute supplies, both raw and finished, in the world market from East Pakistan. The current price is higher by about 13 per cent than the level a year ago.

In the meantime, sowing of jute was in progress in West Bengal, Assam, Bihar and Orissa. The acreage under jute is expected to be more during 1971-72 season.

Oilseeds

During 1970-71, the outturn of groundnut (nuts-in-shell) in the country is expected to reach a record level of 62 lakh tonnes, against 54.55 lakh tonnes in 1969-70. Harvesting of the *rabi* oilseeds—rapeseed and mustard, linseed and castorseed—began in March and the marketing of these oilseeds has commenced. During 1970-71, the production of five major oilseeds is expected to be higher than that in 1969-70. Already, the daily arrivals of castorseed in Gujarat and Andhra Pradesh have amounted to 6,000 bags and 1,500 bags, respectively, during the last week of March. This indicates that the outturn of this crop will be better than last year. The arrivals of rapeseed and mustard and linseed are picking up.

In Tamil Nadu and Andhra Pradesh, the marketing of summer groundnut crop has started. This has improved the supply position further. In Madras market, flow of daily groundnut arrivals increased from 25-30 tonnes during the last week of February to 160 tonnes towards the close of March. Further, in Saurashtra markets, the farmers have started unloading their stocks. As a result, the prices of groundnut fell in all the major oilseeds markets. But the fall was particularly sharp in the Madras market (10 per cent). The current prices of groundnut are significantly lower by about 13 per cent than the level a year ago. On April 1, the Government has signed an agreement with the US for the import of 75,000 tonnes of vegetable oil, mainly soyabean oil. This will keep the groundnut oil prices in check.

Sugarcane

About three-fourths of the sugarcane crop of 1970-71 has been cleared from the fields. Of this, about half the sugarcane supplies have gone for the manufacture of gur, one-third for the manufacture of sugar and the rest for the manufacture of *khandasari* and chewing and planting purposes. The planting of sugarcane for 1971-72 season was in progress in Uttar Pradesh, Maharashtra, Bihar, Tamil Nadu and Andhra Pradesh. The planting is expected to be normal.

Sugar

The production of sugar during the period October 1, 1970 to March 7, 1971 of the current season (October 1970-September 1971) was marginally higher at 25.90 lakh tonnes, against 25.30 lakh tonnes in the corresponding period of the preceding season. At this rate, the production of sugar during 1970-71 may reach the last year's record level of 42.60 lakh tonnes.

The stocks of sugar with the sugar factories are now enormous. However, owing to the seasonal demand, the prices of sugar (C-30) in the Bombay market at Rs 189-190 per quintal showed an increase of about Rs 8 in March. The current prices are higher by about Rs 9 per quintal than the level a year ago.

Protein gap widens

IN view of the low per capita intake of meat, eggs, fish and milk, pulses are all the more important as a source of protein. Besides, pulses also help fix free nitrogen from the air and thereby enhance soil fertility. In this context, it is disturbing to note that the average output per hectare of pulses in India has been falling instead of rising. Between 1949-50 and 1968-69, the compound growth rate of the productivity of pulses showed a decline of 0.10 per cent. Thanks, however, to some increase in area, the production of pulses showed an increase of 1.16 per cent per annum during the same period. But the population increased at the rate of about 2.5 per cent per annum during this period. As a result, the per capita availability of pulses has been falling since 1958-59.

Availability of pulses

Year	Output (million tonnes)	Net availability (million tonnes)	Per capita availability (kg. per year)
1951-52	8.42	7.97	21.6
1955-56	11.05	10.23	25.6
1958-59	13.15	11.55	27.3
1960-61	12.70	10.34	26.4
1965-66	9.80	8.58	17.0
1969-70	11.69	10.23	18.6

During recent years, however, even the area has started declining. The area under pulses declined from 24.3 million hectares in 1958-59 to 21.3 million hectares in 1968-69. This has resulted in a continuous decline of production of pulses.

As irrigation is extending to formerly rainfed lands, the cultivation of pulses is being pushed out to make room for the high-yielding varieties of cereals and millets. Both in Punjab and Haryana, the area under gram has declined by about 60 per cent between 1960-61 and 1968-69.

Any further fall in the production of pulses will cause a steep rise in their

prices and pulses may cease to be the poor man's food. Already, with the year 1961-62=100, the index number of wholesale prices of pulses during the week ended February 6, 1971 stood as high as 240.4, compared to 1944 for cereals. Efforts should, therefore, be made to divert some of the lands with inadequate facilities of irrigation to the cultivation of gram, tur, moong and peas. Here the extension agencies can play an important role in educating the farmer in crop planning.

The Government is also alive to this problem. In 1965, an all India co-ordinated pulses project was initiated to undertake a nation-wide research effort on pulses at the Indian Agricultural Research Institute, two regional centres and four sub-centres. Under this project, all-India co-ordinated varietal trials have been conducted. These trials have shown that several varieties have much wider adaptation than was known before.

Experiments have shown that early-maturing (about 120-130 days) varieties of arhar such as the "Type 21" evolved in Uttar Pradesh can give, if properly fertilised, substantially increased yields even under rainfed conditions. Thus with proper inputs, this variety gave as high as 32 quintals of yield per hectare, against the average of about seven quintals for the country. A short duration variety of moong (70 days), Pusa Basakhi, gives an yield of nearly 10 quintals per hectare and can be grown as an additional crop in the intervening period between the two main seasons of *rabi* and *kharif* cereals.

Another major advance has been the development of a number of varieties of kesari dal which are virtually free of neurotoxic materials. This crop is grown in about two million hectares in the country, but the pulse is not very safe as its consumption can lead to a crippling disease. However, the new varieties will help rehabilitate kesari dal which is otherwise very nutritious.

Khandsari

Khandsari producing units are getting adequate sugarcane supplies at Rs 6 to Rs 6.25 per quintal. Hence, they are utilising their full capacity. In the Muzaffarnagar market (Uttar Pradesh), the prices of khandsari at Rs 130-170 per quintal showed a rise of about 8 per cent on account of good demand from Haryana, Punjab and Rajasthan. The current prices in this market are 19 per cent higher than the level a year ago.

Gur

In the Hapur market (Uttar Pradesh), the daily arrivals of gur were usually large at 5,000 maunds. During the period October 1970 to March 1971, gur arrivals aggregated 2.85 lakh quintals, against 2.14 lakh quintals during the corresponding period last year. Even with the larger-than-usual arrivals, the prices of gur (Pansera superior) in this market at Rs 73-75 per quintal showed a further sharp rise of 24 per cent on account of brisk demand from the southern States. The current prices in the market are about 60 per cent higher than the level a year ago.

Tea

No plucking of tea leaves was done in north-east India during February also. During February 1971, the production of tea in south India was lower at 6.2 million kg, against 6.6 million kg in February 1970. The production during January-February 1971 was also lower at 12.2 million kg, against 14.2 million kg in the corresponding months of 1970. In the Calcutta market, the average price of tea at Rs 309 per quintal showed a rise of about 45 per cent during March. The current price is lower by about 3 per cent than the level a year ago.

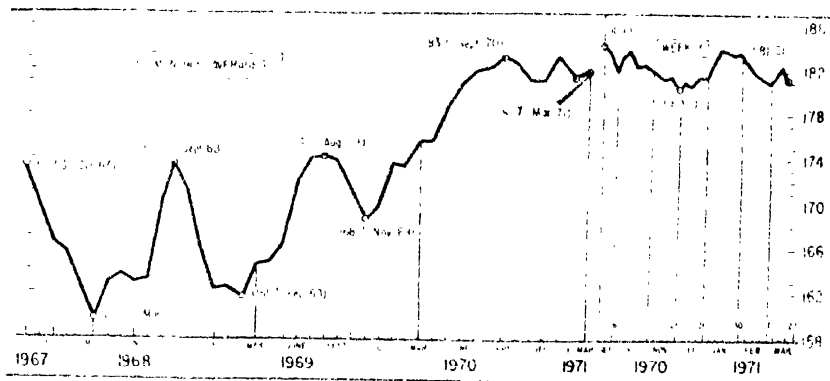
On March 25, the Chairman of the Tea Board, Mr B. R. Vohra, told at a press conference in Calcutta that the Tea Board's future promotional policy related to an all-out effort for stepping up the output of quality teas in north-east India and concentration on non-traditional markets such as Japan and Libya.

ANDHRA PRADESH

The food situation in this rice surplus State continued to be satisfactory in March. However, the prices of rice at the important marketing centres showed a seasonal uptrend in March. The marketing of summer groundnut has begun in the State. The high prices of cotton is compelling textile mills in the State to seek more financial assistance from the Reserve Bank as "try loans" on their finished goods and raw materials. The Food Corporation of India plans to construct one silo in the State to meet the growing needs for storage facilities for the foodgrains procured by it. The capacity of the silo would be 700 tonnes. The Union Government has issued letters of intent to United Auto Tractors of Hyderabad for the manufacture of tractors with foreign collaboration. On March 24, the State Assembly passed a bill to amend the ceiling on Agricultural Holdings Act, seeking among other things, the withdrawal of exemptions granted from the ceiling in respect of lands used as orchards, specialised dairy and cattle breeding farms, sugarcane farms maintained and operated by sugar factories and efficiently managed farms in compact blocks.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1961-62=100)

**PRICES IN MARCH****Welcome phase of stability**

THE index number of wholesale prices (average) showed a seasonal fall of about 11 per cent in February. During the first two weeks of March, the prices forged ahead by 0.9 per cent. But, during the third week of March, the prices declined by 0.8 per cent. Though the official data on the prices are not available for the closing week of March, our study of commodity quotations for the week ended March 27, indicates that prices ruled easy. Thus, on balance, the average price level in March was about the same as in February. This phase of price stability is certainly welcome.

A more significant indication of the price movement is given by the fact that during the week ended March 20, 1971, the official index numbers of wholesale prices at 181.0 was only 2.7 per cent higher than the level a year ago. However, we should not feel complacent about the price level as the current

price index is still 10.3 per cent higher than the level two years ago, implying an average annual rate of inflation of about 5 per cent. It is unfortunate that during the current busy season so far (September 1970 to March 1971), prices have declined only by 0.8 per cent, against the declines of 3.2 per cent and 6.9 per cent during the preceding two busy seasons.

The near stability in recent weeks was the result of two opposite trends: (1) rise in prices of food articles and (2) fall in prices of industrial raw materials mainly in groundnut and cotton. It is significant to note that the prices of food articles and industrial raw materials, for the first time in recent months, are about at the same levels as a year ago. Money supply continues to increase at the ominous rate of 12 per cent per annum. Hence the price situation is to be regarded potentially none-too-satisfactory.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1961-62=100)

Group/Commodity	Weight	March 20, 1971	Feb. 20, 1971	March 21, 1970	Percentage variation in March 20, 1971 over	
					Feb. 20, 1971	March 21, 1970
Food articles	41	290.3	198.5	200.1	0.9	0.1
(1) Rice	7	194.1	191.2	194.8	1.5	-0.4
(2) Wheat	3	208.8	216.0	236.0	0.6	-11.5
Industrial raw materials ..	12	192.3	199.8	189.8	-3.8	1.3
(1) Cotton, raw	2	237.8	250.0	182.1	-4.9	30.6
(2) Jute, raw	1	138.5	127.4	132.4	9.7	4.6
(3) Groundnuts	3	189.7	211.5	219.7	-10.3	-13.7
Manufactures	20	160.7	160.6	149.0	0.1	7.9
All commodities	100	181.0	181.1	176.3	0.1	2.7

ASSAM

For the cultivation of *rabi* foodgrains, the State is not important. Rice is the principal cereal in the State and the prices of rice were generally stable during March. As sowing operations of small millets, summer potatoes in hill areas, sugarcane, jute and mesta were in progress.

BIHAR

Harvesting of *rabi* foodgrains—wheat, barley and gram is almost completed. The output of these crops is expected to be satisfactory during 1970-71. The Agricultural Prices Commission has fixed a wheat procurement target of 50,000 tonnes for 1971-72 marketing season. The sowing of jute was in progress during March.

GOA

The overall food situation in this Union Territory continued to be satisfactory. The Government of Goa, Daman and Diu proposes to set up a cashew development corporation in the Union Territory. As a first step towards the eventual establishment of a cashew development corporation, an area of 720 hectares is expected to be covered by cashew plantation.

GUJARAT

During 1970-71, the State has produced of foodgrains in the State is expected to be at a record level of about 34 lakh tonnes against 32 lakh tonnes in 1969-70. The earlier peak production of foodgrains was 33.30 lakh tonnes in 1967-68. In Gujarat, new crop wheat has started flowing into the markets and is sold at the prices ranging from Rs 70 to Rs 75 per quintal. With further flow, the prices of wheat are likely to ease. The Government of Gujarat has decided to set up the proposed Agricultural University with its main campus and headquarters near the source of the Dantiwala canal and close to the dam in Banaskantha district. The State Government has taken a decision to withdraw the sales tax exemption for new oil mills coming up in the State for a period of five years.

HARYANA

During 1970-71, the State has produced a record level of *kharif* foodgrains production of 16.30 lakh tonnes, against only 9.16 lakh tonnes in 1969-70. The State has also harvested a bumper wheat crop during March. As a result, the Agricultural Prices Commission has fixed a higher wheat procurement target of 5.50 lakh tonnes for the 1971-72 marketing season, against the actual wheat procurement of 4.82 lakh tonnes during the 1970-71 marketing season.

HIMACHAL PRADESH

The State has harvested about 35 lakh tonnes of wheat during 1970-71, against three lakh tonnes in 1969-70. The aggregate output of foodgrains in the State is estimated at 11.50 lakh tonnes during 1970-71, against 10 lakh tonnes in 1969-70. The planting of sugarcane was in progress during March.

JAMMU AND KASHMIR

The share of this State in the production of *rabi* foodgrains in the country is insignificant. The State has harvested satisfactory *kharif* food crops and hence, the food situation was generally satisfac-

tory. The sowing of summer potatoes and the planting of sugarcane was in progress during March.

KERALA

The planting of sugarcane and sowing of tapioca was in progress during March. The State harvested summer rice and sweet potatoes during March. The State Government has extended financial assistance to the tune of Rs 10 lakhs to the State Cashew Corporation for taking over 12 cashew factories in various parts of the State. The State Government has decided to set up a bamboo corporation. The corporation, which will have its headquarters at Angamaly will function as a subsidiary of the Handicrafts Corporation.

MADHYA PRADESH

This surplus State in foodgrains, harvested a record level of rice crop of 36.46 lakh tonnes during 1970-71, against 32.25 lakh tonnes in 1969-70. The State has also harvested good *rabi* food crops. Reflecting this, the Agricultural Prices Commission has fixed a higher wheat procurement target of 50,000 tonnes for the 1971-72 marketing season, against the actual procurement of only 8,000 tonnes during the preceding marketing season. The planting of sugarcane was in progress during March.

MAHARASHTRA

Following the severe damage to crops owing to the drought, official sources estimate the paddy output at 19 lakh tonnes during 1970-71, against the normal yield of 31 lakh tonnes and cotton at seven lakh bales against the normal 15 lakh bales. As a result, the loss to crops in 21 out of the 26 districts has been estimated at Rs 160 crores. During March, the planting of sugarcane was in full swing in the State. Among scarcity works, preference had been given to productive schemes like soil conservation, minor irrigation and percolation tanks. The expenditure on relief works in the scarcity affected areas was estimated at Rs 33.90 crores, comprising of Rs 16.90 crores on relief measure works, Rs 5 crores on ordinary *tagai* loans, Rs 5 crores on loans for share capital to co-operative banks and Rs 7 crores on loans for fertilisers, seeds, etc.

MYSORE

During 1970-71, the production of foodgrains in the State is expected to be about 62 lakh tonnes, against about 59 lakh tonnes in 1969-70. On March 1, Mr G. Brunner, Consul-General for Switzerland in Bombay, delivered a gift of two well-drilled rigs to the Mysore Government. The use of rigs will enable to irrigate about 2,000 acres per annum, enough for two extra crops. The rigs will be operated in Koppal taluka in Raichur district.

NAGALAND

The State has harvested about 50,000 tonnes of rice during 1970-71. No *rabi* crops are grown in this State.

ORISSA

The share of *rabi* foodgrains in the State's overall foodgrains output is small. During 1970-71, the State is expected to produce about 20,000 tonnes of wheat and 15,000 tonnes of gram, against 19,000 tonnes and 14,000 tonnes, respectively, in 1969-70. The planting of sugarcane was in progress during March.

PUNJAB

According to official circles, the production of wheat during 1970-71 is expected to reach the last year's level of 48 lakh tonnes. No increase in the outturn of wheat this year is expected because of frequent cuts in power supplies for agricultural operations. The Agricultural Prices Commission has fixed a wheat procurement target of 25.50 lakh tonnes for the 1971-72 marketing season, against the actual procurement of 23.63 lakh tonnes in the 1970-71 marketing season. The World Bank has given its clearance to the Punjab Agro-Industries Corporation for inviting tenders for the import of 8,000 tractors under the World Bank credit agreement. Punjab National Bank, one of the nationalised banks, has agreed to advance Rs 50 crores for the procurement of wheat in the State. On March 24, the Punjab Cabinet took the decision to abolish land revenue on all agricultural holdings.

RAJASTHAN

The overall food production in the State during 1970-71 is expected to touch the record level of 76 lakh tonnes, against 47.32 lakh tonnes in 1969-70 and the previous peak level of 66.02 lakh tonnes achieved in 1967-68. Thus, the year 1970-71 has proved to be an exceptionally good year for agriculture in the State. The Agricultural Prices Commission has fixed the procurement target of 75,000 tonnes for wheat for the 1971-72 marketing season.

TAMIL NADU

During 1970-71, the aggregate production of foodgrains in the State is expected to be higher at 65 lakh tonnes, against 62.39 lakh tonnes in 1969-70. Sugar recovery in the State during January and February 1971 has been well over last year's average of 7.87 per cent. The 16 sugar mills in the State expect to close the season with an average recovery of around 8.3 per cent. On March 17, the State's Minister for Agriculture, Mr A. P. Dharmalingam said that the Union Government has sanctioned three small farmer's projects for Tamil Nadu. Each project is estimated to cost Rs 1.60 crores and would be implemented in blocks in South Arcot, Madurai and Tirunelveli districts. The Union Government has also sanctioned two schemes for the marginal farmers and agricultural labourers each costing about Rs one crore and would be implemented in Salem and North Arcot districts.

UTTAR PRADESH

Harvesting of wheat was in progress. During 1970-71, the output of *rabi* foodgrains in the State is expected to be higher at 10.5 million tonnes, against 10.0 million tonnes in the preceding year. The overall production of foodgrains in the State is expected to be higher than 17.5 million tonnes achieved in 1969-70. The Agricultural Prices Commission has fixed a wheat procurement target of 6.5 lakh tonnes for the 1971-72 marketing season.

WEST BENGAL

During 1970-71, the production of wheat in the State is expected to be 8.5 lakh tonnes, against only four lakh tonnes in 1969-70. This is a significant achievement as this State is traditionally a rice growing State. Only in 1967-68, the production of wheat in this State was only 71,000 tonnes. □

Spot prices of agricultural commodities: March 1971

(Rs per quintal)

Commodity	Market	Variety	March 1971				Percentage variation over the month	High		Low	
			27th February, 1971	5th	12th	19th		26th	31st	As on Mar. 1971	Rs	As on Mar. 1971	Rs
I. Foodgrains											
(1) Rice	Tigudem	Akrulu (New)	83.78-121.62	86.45-121.62	91.80-127.07	91.80-127.07	91.80-128.37	12	91.80-129.72	1	83.78-122.97
	Hapur	Kaccha	167.50-183	167.50-183	167.50-183	167.50-183	166-180	1	167.50-183	15	167-177
	Calcutta	.....	176-200	173-205	173-205	173-205	173-205	1	173-200	16	175-195
	Delhi	Basmati (New)	130-185	130-185	130-185	133-199	135-185	1	135-186	13	133-186
(2) Wheat	Hapur	White Farm	90-95	92.50-100	97-102	100-107	87.50-92.50	9	95-105	25	85-87.50
	Bhatinda	Farm	80.50-90.00	85.10-90.25	85.10-90.25	86.25-90.25	78.25-83.25	11	85.25-92.10	30	78.25-82.25
	Delhi	Farm	105	107	107	98	96	2	105	8	82-85
	Sonepat	Farm	85-93	85-93	87-92	80-89	80-84	15	85-95	25	80-84
(3) Barley	Bhatinda	.....	42.30-46.30	40.70-43.30	40.70-43.30	41.70-45.25	41.70-46.20	19	44.50-48.70	2	40.70-43.30
	Hapur	.....	40	47.50	47.50	47-50	47-50	15	47-50	1	45
(4) Jowar	Hapur	White	50	50	52.50	52.50	50	25	55.25-60	1	50
	Raichur	White	49	70.00-82.50	70.00-82.50	70.00-82.50	78	25	70.00-82.50	1	71.50-80
(5) Bajra	Bombay	Superior	65-75	65-75	65-75	65-75	62-72	1	65-75	30	62-72
	Hapur	.....	40	40	42	42.50	40	17	42.50	1	40
(6) Maize	Bhatinda	.....	49.30-57.25	50.70-58.30	49.70-54.30	50.69-55.60	48.70-55.60	2	50.70-58.30	25	44.70-50.30
	Hapur	.....	45-52.50	45-53.75	52.00-60	50-60	52.50-60	10	52.50-60	1	45-52.50
(7) Gram	Bombay	Punjab	80-82	93-95	85-88	89-88	84-86	4	88-95	1	80-85
	Hapur	Dal	87.50	87.50	87.50	87.50	87.50	1	87.50	10	77.50-90
	Rohatak	Kabli	150-155	150-155	145-155	145-155	145-155	10	150-160	1	70-75
	Bombay	Barn white	110-120	120-120	117-118	110-117	114-115	3	120-121	20	108-110
(8) Tur ..	Hapur	.....	135	137.50	137.50	137.50	135	1	137.50	1	135
	Bombay	Mogla Jarilla	68*	68*	68	68	67	9	68	20	673
	"	Khandesh Vinnar	72*	72*	72	72	71	9	72	20	719
	"	Vidarbha MP/Vinnar	71*	71*	71	71	70	9	71	20	705
(1) Cotton	"	L-147	830*	830*	830	830	816	19	830	20	816
	"	Combedia 'B'	850*	851	851	851	843	9	851	20	844
	"	Bengal Deshi	418*	417	400	400	394	9	411	20	394
	Calcutta	Assam Bottoms	153.50	144.60	144.60	147.30	158.00	20	158	1	135.30
II. Oilseeds and oil											
(1) Groundnut	Bombay	Khandesh quality	197	205	201	193	191	6	205	24	191
	Rajkot	Kernels	164.58	166.60	163.73	165.55	160.41	6	165.61	25	156.25
	Adoni	.....	209	209	209	209	203	9	207	25	201
	Madras	New crop	212.50	225	212.50	192.50	190	6	225	25	190
(2) Groundnut oil	Adoni	.....	425	435	432.50	412.50	407.50	9	440	25	407.50
	Bombay	.....	443	457	450.50	435	430	6	457	25	425.50
	Madras	.....	437	430	430	418	405	6	445	25	405
	Rajkot	.....	425	434	429.50	415.50	400	4	430	24	406
(3) Rapeseed ..	Kanpur	.....	185	185	180-200	195-170	176	12	190-200	30	150.163
	Ludhiana	.....	175	180	175	175	170	1	180	15	165
(4) Mustardseed	Hapur	.....	137.50	137.50	137.50	130-175	130-175	15	175	1	137.50
	Delhi	Lotni	135-200	190	N.Q.	180-185	180-185	1	190	16	150-185
IV. Others											
(1) Sugar	Bombay	C-30	161-183	181-182	183	184-189	180-187	25	190-191	5	181
	Muzaffarnagar	Crystal	172-180	172-180	176-186	180-182	180-187	24	190-197	12	176-186
(2) Khandasari	Delhi	.....	140-175	140-165	150-160	150-175	160-170	22	160-170	1	140-155
	Muzaffarnagar	.....	120-158.75	120-157.50	120-160	130-172.50	130-175	25	135-175	1	120-168.75
(3) Gur ..	Hapur	Pansari superior	60-61.25	62.50-73.75	65-66.25	77.50-78.75	73.00-75	30	73.75-75	1	50-61.25
	Kohapur	Superior	115-136	113-130	115-133	119-135	140-135	25	140-175	1	113-130
(4) Tea ..	Calcutta	Average	583	591	591	603	603	22	609	1	583
	Coimbatore	Robusta Flat	730-760	720-740	720-760	590-600	580-600	1	730-740	31	452-490

Note: * Cotton prices under February 27, 1971 relate to February 22, 1971 as cotton prices from February 23 onwards were not quoted.

AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION—(Continued)

BALANCE SHEET OF INDIAN BRANCHES AS AT 31st DECEMBER, 1970—(Contd.)

1969 Rs.	CAPITAL AND LIABILITIES—(Contd.)	Rs.	P.	1969 Rs.	PROPERTY AND ASSETS—(Contd.)	Rs.	P.	Rs.	P.
38,78,27,000	Brought over .. Rs.			45,78,57,411 59	37,01,73,885			14,71,50,002 82	
	10. Contingent Liabilities:								
	(i) Liability on account of Guarantees given on behalf of clients (Previous year Rs. 1,76,34,700).	2,34,45,852 15			24,05,872			30,43,144 55	
	(ii) Travel Guarantees given on behalf of Clients to President of India, Collector of Customs, Shipping Companies etc. Liability amount not ascertainable ..	.....			5,892			2,00,978 50	
	(iii) Liability on account of Forward Exchange Contracts (Previous year Rs. 2,92,37,022) ..	1,80,03,582 38			1,65,163			5,27,902 28	
	(iv) Liability on account of partly paid shares (Previous year Rs. 1,00,000 00) ..	1,00,000 00			4,80,308			5 46,507 01	
					10,65,328			14,70,079 59	
					37,77,443			48,56,953 49	
					86,53,205				1,07,07,383 77
38,78,27,000	Total .. Rs.			45,78,57,411 59	38,78,27,000				

NOTES: Per attached sheet per our report attached.

(Sd.) A. F. FERGUSON & CO.,

Chartered Accountants.

NOTES TO THE BALANCE SHEET AS AT 31st DECEMBER, 1970

BOMBAY, 5th April, 1970.

AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION

(Sd.) R. J. DAVIES

Resident Vice-President.

1. The Balance Sheet has been prepared in conformity with Form 'A' of the Third Schedule to the Banking Regulation Act, 1949.

2. No provision has been made in the Accounts for the present liability in respect of future payments of Gratuity under the Duesi Award, estimated to be Rs. 5,40,895—not of tax benefit (gross Rs. 18,32,893 less tax at 70 per cent).

There is also a voluntary pension scheme to which the employees may opt if they agree to forgo Gratuity. The amount of provision which is required to be made, if any, on this account has not been ascertained.

3. Inclusion in 'Advances' Rs. 25,81,92,661.54 is an amount of Rs. 7,95,422.05 due from a constituent who undertook to pay the amount in regular instalments effective from July, 1968. No amount was received until 31st December, 1969 but an amount of Rs. 1,55,703.22 was paid by the constituent during the year ended 31st December, 1970. The extent of the amount which may eventually be irrecoverable is not ascertainable at this stage and accordingly, no provision has been made in these accounts in this regard. The above amount of Rs. 7,95,422.05 has been classified as 'Debts considered

good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors" in the Schedule of Particulars of Advances annexed to the Balance Sheet.

4. Guarantees include Rs. 1,30,000.00 being the amount of guarantees issued on behalf of the constituent referred to in Note 3, in respect of which certain claims have arisen. These claims are being disputed by the constituent and have been referred to a tribunal, the award of which is still pending. The extent of the Corporation's liability in this regard, is not ascertainable at this stage and accordingly no provision has been made in these accounts.

5. Certain bills received from constituents for collection on their behalf are entered in memorandum registers and are recorded in the financial ledgers only when collected. All bills for collection outstanding as at 31st December, 1970 have, however, been shown in the Balance Sheet under the relevant heads of Account.

6. In accordance with the instructions received from the Reserve Bank of India the assets and liabilities relating to Travel Department (including tax liability attributable thereto as estimated by the Corporation) have been shown under 'Other Assets' and 'Other Liabilities' respectively.

Particulars of Advances annexed to and forming part of the Balance Sheet as at 31st December, 1970

1969 Rs.	PARTICULARS OF ADVANCES	Rs.	P.	1969 Rs.	PARTICULARS OF ADVANCES	Rs.	P.
4,23,61,367	(i) Debts considered good in respect of which the banking company is fully secured ..	8,00,00,470 77		91,925	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons ..	1,27,511.38	
5,40,02,214	(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security ..	5,13,51,061 46		Nil	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members ..	Nil	
10,09,05,789	(iii) Debts considered good secured by personal liabilities of one or more parties in addition to the personal security of the debtors ..	12,07,63,120 31		1,05,297	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons ..	1,41,280.83	
.....	(iv) Debts considered doubtful or bad not provided for ..	.....		Nil	(viii) Maximum total amount of advances, including temporary advances, granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies as members ..	Nil	
23,73,50,320	Total .. Rs.	25,81,92,661 54		Nil	(ix) Due from banking companies ..	Nil	

Profit and Loss Account of the Indian Branches for the year ended 31st December, 1970

1969 Rs.	EXPENDITURE	Rs.	P.	1969 Rs.	INCOME (Loss provision made during the year for Bad and Doubtful Debts and other usual and necessary provisions)	Rs.	P.
1,06,29,103	1. Interest paid on Deposits, Borrowings, etc. not Fund ..	1,25,40,658 71		2,56,32,564	1. Interest and Discount ..	2,73,29,196 00	
49,03,036	2. Salaries, Allowances, Gratuity and Provide Fees and Allowances ..	60,93,871 57			2. Commission, Exchange and Brokerage ..	58,78,855 96	
8,921	3. Directors' and Local Committee Members' ..	10,29,448 46		57,37,901	3. Rents ..	.....	
7,87,843	4. Rent, Taxes, Insurance, Lighting, etc. ..	6,710 72			4. Net Profit on Sale or Conversion of Investment, Gold and Silver, Land, Premises and Other Assets ..	35,432.33	
29,813	5. Law Charges ..	4,01,008 48		1,19,334	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets ..	2,18,635.24	
4,31,017	6. Postage, Telegrams and Telephones ..	60,010 13			6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets ..	.....	
53,071	7. Auditors' Fees ..	3,51,917 22		1,54,023	7. Other Receipts ..	.....	
2,75,470	8. Depreciation on Banking Company's Property ..	5,18,912 48					
4,55,404	9. Stationery, Printing, Advertisement, etc. ..	709 13					
90,59,200	10. Loss on Sale of or Dealing with Non-Banking Assets ..	60,32,614 85					
	11. Other Expenditure (including New York Administrative Expenses) ..	.....					
4,70,848	12. Balance of Profit ..	32,90,930 61					
2,06,23,822	Total .. Rs.	3,34,57,119 52		2,96,33,822	Total .. Rs.	3,34,57,119 52	

NOTES:—

1. Particulars of remuneration paid or provided to the Chief Executive Officer:—

Previous Year Rs.		Rs.	P.
1,00,875	(i) Salaries ..	1,00,156 25	
21,822	(ii) Allowances ..	22,282 50	
41,400	(iii) Monetary value of benefits or perquisites ..	41,400 00	
34,552	(iv) Prolong ..	31,375 00	
1,08,619	Total ..	2,01,313 81	

In addition, the Chief Executive Officer is provided with free use of furniture, equipment, etc. at his residence (depreciation, charged in the Accounts Rs. 13,752 58).

2. The Profit and Loss Account has been prepared in conformity with Form 'B' of the Third Schedule to the Banking Regulation Act, 1949.

As per our report attached to the Balance Sheet.

(Sd.) A. F. FERGUSON & CO.,

Chartered Accountants.

AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION,

(Sd.) R. J. DAVIES,

Resident Vice-President.

REPORT OF THE AUDITORS

We have audited the attached Balance Sheet of the Indian Branches of American Express International Banking Corporation as at 31st December, 1970, and also the attached Profit and Loss Account of the Indian Branches of the Bank for the year ended on that date in which are incorporated the returns of the Calcutta Branch of the Bank and Central Money Pool, India, audited by other auditors and report that:—

- (1) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (2) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books, and proper returns, adequate for the purposes of our audit have been received from the Calcutta Branch and Central Money Pool, India;
- (3) the Balance Sheet and Profit and Loss Account of the Indian Branches of the Bank dealt with by this report are in agreement with the books of accounts and the audited returns;

(4) the report on the accounts of the Calcutta Branch and Central Money Pool, India, audited by other auditors has been forwarded to us and the same has been considered in preparing our report;

(5) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required for banking companies, and on such basis, the said Balance Sheet subject to no provision having been made for (a) Gratuity (b) Advances, and (c) Claims in respect of Guarantees as indicated in notes (2), (3) and (4) gives a true and fair view of the state of affairs of the Indian Branches of the Bank as at 31st December, 1970, and the Profit and Loss Account gives a true and fair view of the Profit of the Indian Branches for the year ended on that date.

(Sd.) A. F. FERGUSON & CO.,
Chartered Accountants.

BOMBAY, 5th April, 1971.

EXPORT ANGLE

By Stevedore

Solvent extractors' worry

THE solvent extractors seem to be somewhat pessimistic about their exports during the current year. In particular they feel that the good groundnut crop during the current season may not mean higher exports of groundnut extractions. These exports normally earn us about Rs 50 crores per year. In 1970 the main buyers were East European countries (5 lakh tonnes), the United Kingdom (1.40 lakh tonnes) and Japan (1 lakh tonnes).

During the first quarter of the current calendar year shipments to the UK totalled 25,000 tonnes as against 52,000 tonnes in the corresponding period of last year. In the case of East European countries the buyers are not showing any particular interest. Some of them, according to Mr C. G. Kothari, President of the Solvent Extractors' Association of India, have stated that they have fully utilised the amount as fixed in the trade agreements with this country. Exports to Japan are still under negotiation though a delegation which has returned from that country is hopeful that exports would be resumed soon. The immediate worry with these exporters is caused by the fact that there are no buyers for April and May shipments.

The UK is generally a buyer for shipments from July to December, but the exporters find themselves in a difficult position because they are not sure of the quantum of freight that may be fixed by the Karmahom Conference which has already notified that there would be freight increases in July and October. Some relief has been announced by the conference lines in that the surcharge for imports and exports to be handled through London port has been reduced from 25 per cent to 15 per cent. But this will not mean a substantial concession. In fact, the existing freights are proving a burden and if they are to be increased further in July and October that could mean serious hurdles for the export of groundnut extractions which have to compete with goods from African countries. This is why Mr Kothari feels that their plans of exporting eight lakh tonnes of groundnut extractions during the current year may not be realised and that the actual exports might not even total seven lakh tonnes.

The Association is keen that the Government should give some sort of protection against freight increases. But such efforts in the past have yielded only limited results. The Association also wants the Government to increase the quota in the trade plans with the East European countries and permit them to buy more extractions. This plea is unlikely to be accepted by the Government. In fact, one of the major objectives behind the setting up of Groundnut Extractions Export Development Association (GEEEDA) was to ensure that exports to free currency areas were expanded. The Government has been giving all possible assistance to this organisation to fulfil this objective and New Delhi cannot be expected to suddenly reverse this policy. But the Government could profitably review the export duty of Rs 125 per tonne. A downward revision of this duty

could mean lesser rupee earnings from exports to the East European countries. But if it helps in increasing the shipments to the United Kingdom, other European countries and Japan, there could be net gain for us. □

Chances for hand tools

SOME recent inquiries received from the United States have encouraged export circles to believe that this country could emerge as an important exporter of hand tools. The United States has been for the past three or four years showing some interest in our hand tools, and shipments of hand tools, small tools and cutting tools to that market averaged about Rs 45 lakhs per year during the period 1967-68 to 1969-70. The total exports during these three years have ranged between Rs 2.15 crores and Rs 2.78 crores. It is estimated that exports during 1970-71 would be of the order of Rs 3 crores. The United States is reportedly finding Indian hand tools cheaper and the American parties concerned are also quite satisfied with the quality of the products. Exports at present consist mainly of jaw spanners, bi-hexagon spanners, pipe wrenches, screw drivers and water pump pliers. The countries which have been buying these tools include Holland, Sweden, the UK, USSR and West Germany besides the United States. □

Boost for jute?

THE intense fighting during the past few days in Bangla Desh is reported to have resulted in considerable damage to some of the jute mills as also to the jute fields. This could mean that there would be some divergence of jute goods business from Pakistan to this country. It would be difficult to hazard a guess as to the extent of this possible diversion since the picture in Bangla Desh is far from clear. But the advantage, if any, that the jute industry in this country can expect from a very unhappy situation in the neighbouring East Bengal could be only temporary unless the Government and industry take measures to improve the competitiveness of our jute goods.

Some suggestions have already been made in this connection by a survey team of the USAID. Its first recommendation was that a buffer stock of six lakh bales of raw jute and mesta be built up. But the Government found this proposal unworkable since there was not enough of production to build up such a buffer stock. Secondly, the team had suggested that the Government should review the export duty in consultation with the industry. But all that the Government has done is to say that this recommendation has been "noted". New Delhi has also dismissed as unnecessary the suggestion made by this team for the setting up of a jute bank to make available easy credit to the agricultural sector, the raw jute purchasing organisations, the manufacturing units for modernisation particularly for carding and to extend banking facilities and service to exporters of jute goods. In its opinion, the normal banking and other financial institutions will take care of this. In one particular respect, however, the Government

and the USAID team are fully agreed. The team had suggested that with a view to stabilising prices and bringing about more contacts between mills, shippers and importers, hessian should also be treated similarly to carpet backing and specialities. This meant that there should be direct sales from mills to customers and would involve closure of the hessian commodity market. The team was careful to say the implications of such a move should, therefore, be considered carefully by the Government and industry. Obviously New Delhi thinks this would be a healthy development. It has pointed out that many industrial houses have recently been setting up their own export divisions and as this tendency grows and direct contacts between the mills and the customers get established, the present structure of marketing is likely to lose its significance and the intermediaries would *ipso facto* lose their importance. □

Markets for potato seeds

FOLLOWING the success achieved in exporting luscious red and golden apples to the UK, Himachal Pradesh is trying for a breakthrough in seed potato export too. About 100 tonnes of seed potato, extensively grown in Mahasu district and other parts of the State, are now being exported to Bangkok and Kuwait through the State Trading Corporation. The State Small-scale Industries Corporation is striving to explore markets in other South-East Asian countries. Himachal Pradesh is at present supplying seed potato to almost all the potato-growing States in the country and also to Nepal.

The Himachal Pradesh Government exported in 1969 just 20 tonnes of red and golden apples to England. Encouraged by the demand the Government exported 100 tonnes of apples to England last year. The Government is now considering the export of apples to some Middle-East and South-East Asian countries during the next cropping season. Besides apples, the State Government has made a beginning in exporting apple juice, nectars and jams to the UK. Now some private parties in England have approached the State Government for the direct import of these products because of their reasonably good quality and low price.

Another important export item from the State is *sarsaon-ka-saag*, that is, mustard leaves. A private party in England has been importing this tinned and processed vegetable dish for the past couple of years. In view of the increased demand for this vegetable dish, the State Government is exploring possibilities of stepping up exports of *sarsaon-ka-saag* through the STC. Last year the State earned foreign exchange worth Rs 20 lakhs through the export of dried mushrooms grown in the higher reaches of the State. The State Government has decided to offer various incentives to the agriculturists and farmers growing these cash crops. These incentives will include low interest loans, scientific and technical know-how, quality control and a percentage of foreign exchange for importing machinery, seeds, fertilisers and other field and farm requirements.

Fabrics

of.

Choice

2x2 Coatings

2x2 Poplins

SHIRTINGS

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HOSPET

Chairman, Mr Rajeshwara Patel's Speech

THE following is the Chairman's Speech at the 37th Annual General Meeting of the Company held at Hospet on 26th March, 1971:

DEAR SHAREHOLDERS,

I have great pleasure in welcoming you all to the 37th Annual General Meeting of the Company. The Directors' Report and the Audited Balance Sheet and Profit and Loss Account for the year ended 30th September 1970 have been with you for some time past and with your permission I shall take them as read.

Since we met last, there has been far-reaching changes in the political situation of the country. What looked from outside a mere ripple in the undivided congress session of Bangalore on the eve of the election of the President of India soon triggered off into a battle royal for winning 'Presidentship'—splitting of the congress party in parliament—loss of majority of the ruling party—increasing dependence of the Government on leftists communists and regional parties ultimately resulting in the dissolution of Lok Sabha and consequent mid-term poll. In the meantime, while the Prime Minister through various measures and slogans projected an image of progressivism and an ardent champion of the backward sections of the community including the minorities; the unsocial elements and fire-eating leftists resorted to the cult of knife and bombs, killing indiscriminately, creating all-round chaotic condition in various parts of the country; and to add to the prevailing confusion communal bodies, regional organisations once again raised their ugly heads. Charges and counter-charges were freely and openly being bandied by opposing parties through press and other media. It was under these circumstances when the integrity of the country, its peaceful existence and orderly progress all seemed threatened both from inside and outside that the country went to polls.

People's verdict at the polls is total. The Harijans, Girijans and minority communities, which nearly *en-bloc* voted against Indian National Congress in 1967 elections and brought down its majority to a bare minimum, in this mid-term poll, in the absence of an identifiable alternate leadership felt attracted to the New Congress, its new look and its profession of a fair deal. They have at once freed the new Government of the pressure of the ultra-left, the vested interests and the parochial interests. The responsibility of the Prime Minister to make good is indeed a colossal one! The coming months are expected to witness the unfolding of plans and priorities which will pull the country out of its stagnation in 80 per cent of India which is rural, establish with a firm hand peace in Industrial Sector and make for progressive liquidation of the scourge of unemployment.

We are meeting here today on the eve of a new era of hope for the people of this unfortunate country. During the

last quarter of a century of its existence as a free nation, it had a very chequered career. At the very start we bid good-bye to earlier-held concepts of Gandhijee for reorganising our country's progress in social, material and moral fields. Instead we tried to ape the West and virtually became un-Indian. We lost our identity—our culture—our heritage in the process.

The freedom-fighters had dreamt of not only winning back the place of Pride India once rightly occupied but fervently hoped to show in all humility this tormented world the path to real peace and happiness for the world community as a whole. And where do we find ourselves today? Can we make a fresh start? Will the Prime Minister of India choose the right priorities? Shall we be able to put villages before cities? Can we persuade ourselves to help build happy homes of honest workers fully employed and forget running about gigantic and so called prestigious ventures at least till we have organised infrastructure for the progress of villages and villagers.

Now, before coming to the actual business of this afternoon, I wish to place before you the various problems facing the sugar industry in the country. While the threat of nationalisation has receded on account of the appointment of High Power Committee to go into the matter, the industry is today confronted with many other pressing problems which has threatened closure of certain units particularly in the States of U.P., Bihar and Tamil Nadu. The current crushing season started with an all-time record carry-over-stock of 20.88 lakh tonnes as against 13 lakh tonnes last year. The current year's production is expected to be in the neighbourhood of 40 lakh tonnes with a consumption level at 36 lakh tonnes and export of 3.5 lakh tonnes. The industry will again carry forward about 22 lakh tonnes of sugar for the next season. With this prospect of huge carry over and the Governments disinclination to create buffer stock, the industry is plagued with problems of heavy interest charges on their Cash Credit Account which is eroding away the miserly profit margin provided in the levy price of sugar. The over production and the liberal release of free sugar have kept the free market in a perpetual depressing state and most of the factories have to sell their free sugar at below cost price. Added to these, the Government's credit squeeze policy has created further operational difficulties for the industry which is already limping on account of its uneconomic working. Although the Government is aware of the present problems of the industry, political considerations have prevented Government from taking any remedial measures. With the political climate now settling down, it is hoped that the Food Ministry will give a close look to the various problems of the industry and formulate a scientific and rational crash programme to pull it out of its present predicament. It would do well for the

Ministry to keep in mind the great importance of Sugar Industry to the economy of the country. This is the top largest agro-based industry and second largest among the manufacturing industries employing 2.5 lakh persons with a wage bill of Rs 50 crores—supporting about 20 million cultivators and producing sugar worth 600 crores of rupees. The industry contributes roughly about 200 crores by way of excise duty, cane cess and other taxes—earns foreign exchange to the tune of 15 crores besides producing important by-products which sustains chemical and other industries.

You would observe from the accounts that the performance of the company during the year is rather discouraging. You will recall that last year in my speech I had struck a pessimistic note about this year's working because of certain adverse factors prevailing at that time. The poor working results are mainly due to the considerable fall in the overall recovery of sugar and a very low and uneconomic price fixed for the levy sugar by the Central Government. The cost of production was unduly increased due to heavy interest charges which we have to pay on the accumulated stocks. Free market sugar prices also ruled very low during the period. All these factors have contributed to the bad working results of the season. This has been the feature not only of our factory, but of many other factories in the country. Under these circumstances, I regret that your Directors once again have to deprive you of the dividend on your shares.

I may point out here that at the beginning of the season 1969-70, there was not much of a disparity in the quantity of stocks held by different factories in the various zones. However, the position at the end of the season showed an entirely different picture. Not only were there wide disparities between the stocks held by different zones, but such disparities existed between factories in the same zone. This disparity has been progressively accentuated during the current season. I am informed that even today we are holding a stock of 59,537 bags of 1969-70 production. The interest charges paid by the company during the season 1969-70 works out to Rs 7.29 per quintal.

The Indian Sugar Mills Association has strongly urged the Government to see that the factories are adequately compensated on this account in the 1970-71 levy price and also to adjust the policy of release so as to reduce the existing disparities of stocks. The Sugar Directorate seems to be taking a very casual interest in the problems of the sugar industry or else what justification could the Government have in directing the sugar factories to implement the recommendations of the Second Wage Board retrospective from November 1969, and then deny the increased incidence of cost in the price of levy sugar? The industry cannot indefinitely go on absorbing the higher production cost and continuously eroding the meagre margin provided by the rigid cost schedule, the sanctity of which has been regarded almost as an article of faith by the Sugar Directorate. Even now, it is not too late for the Government to objectively examine the various submissions put forth by the sugar industry and do justice in the larger interest of the industry and the cane growers.

The current year's working results are so far quite satisfactory. We started the season on 5-11-1970 and till now we have crushed 1,66,000 tonnes with a recovery of 9.93 per cent, which is much better than last year. We have yet about 60,000 tonnes of cane to crush and the final working results would depend on how the recovery behaves during the remaining period. The overall cost of production during this season is more due to higher wages paid as per the recommendation of the Second Wage Board, high price of gunnies and other stores material and heavy interest charges on the accumulated stocks of sugar. The industry is looking forward with great hope to the revised levy price of sugar which is expected to be announced and we hope that the new levy price will take full care of all the increased elements in the cost of production.

I am happy to inform you that during the year, the distillery working has been satisfactory. There have been sizeable improvement both in total production and recovery of alcohol per tonne of molasses. There is also an increase in the offtake of our liquors in the Civilian and Defence markets. We are looking forward to successfully develop certain overseas markets for our liquors. Samples of our Rum have been sent to U.S.A., Canada and West Germany. I am happy to inform you that our liquor brands have been approved by the Indian Standards Institution for ISI marking, as they conform to ISI Standard and our Rectified Spirit is recognised as grade I of ISI Standard by the Indian Standards Institution, New Delhi.

In my last year's speech, mention was made about expansion of the crushing capacity of the factory from 1,250 tonnes of cane to 1,500 tonnes of cane per day. Steps for the implementation of the expansion scheme have been taken and orders have been placed with various machinery manufacturers.

Mention was made in my last year's report about the appointment of Shri M. R. Morarka as Managing Director of the Company for a period of five years from 1-4-1970. I am pleased to convey that we have received the approval of the Company Law Board for this appointment.

Shri M. V. Veerappa, a Director of the Mysore State Financial Corporation has joined our Board from 12-2-1971.

Now, it is my pleasant duty to thank our colleagues in the Board for all their co-operation and guidance they have been giving. I shall be failing in my duty if I were not to convey to you that the relationship and team spirit of officers and workers have been very cordial.

Lastly, I have to thank you all, shareholders, for your continued support and the confidence reposed in us in all our ventures, and now with your permission I formally move for adoption of the Directors' Report and the Balance Sheet and Profit and Loss Account.

Rajeshwara Patel
Chairman

(This does not purport to be a record of the proceedings of the Annual General Meeting.)



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BALANCE SHEETS

EXPANSION CONTINUES

Dunlop India fares well

DUNLOP India Ltd (Managing Director, Mr R. G. S. Nairn, Calcutta) has improved its sales for the year ended December 31, 1970 to Rs 87.7 crores from Rs 81.3 crores in the previous year. The gross profit increased to Rs 8.3 crores from Rs 8.1 crores. The net profit, after depreciation and taxation, amounted to Rs 4 crores (Rs 4.1 crores). The ordinary dividend was maintained at 20 per cent.

The company's gross profit margin works out to 9.5 per cent against 10 per cent. The ratio of net profit to net worth comes to 18.2 per cent (20.6 per cent).

The capital expenditure incurred during the year was Rs 3.20 crores (Rs 2.44 crores). In addition, commitments for capital expenditure at December 31, 1970 amounted to Rs 5.67 crores. Expenditure in 1970 includes the implementation of an industrial licence received in December 1967 to increase the company's automotive tyre and tube capacity by 135,600 units and 124,800 units per annum respectively. Also included are commitments made against a further industrial licence received in December 1969 for the manufacture of an additional 2.5 lakh automotive tyres and tubes per annum and a capital goods

During the year under review, production of automotive tyres and tubes at the Sahaganj factory remained at nearly the same level as in the previous year, although output of cycle tyres was lower. Production at the Ambattur (Madras) factory was, however, remarkably higher due to the completion of a part of expansion programmes. The implementation of the expansion licence for an additional 2.5 lakh automotive tyres and tubes at Ambattur is proceeding satisfactorily and the additional capacity will be fully effective in 1972. Production of bicycle rims, was seriously affected by the overall shortage of steel in the country. Import licences were obtained but supplies of imported steel will only become available in the current year.

During the year under review, Dunlop sales of automotive tyres and tubes were higher than in the previous year particularly to vehicle manufacturers and for defence. Sales of industrial products were also higher than in the previous year. A notable achievement was the signing of a contract valued at Rs 1.50 crores for the supply of special cotton/nylon conveyor belting to the Neyveli Lignite Corporation.

Exports in the year reached Rs 3 crores (Rs 2.8 crores). In the face of keen international competition this achievement was made possible by the development of new markets, continuous market research, the introduction of special types of tyres for bicycles and earthmoving machines and two new types of bicycle rims and the continuous assistance the company receives from its UK associates and their worldwide distribution organisation.

The major part of the expenditure incurred, and to be incurred, on the current expansion plans will be met from the company's own resources. However, additional finance of approximately Rs 2 crores will be required. In order to raise this amount, the company has submitted an application to the Controller of Capital Issues for the issue of 15 lakh ordinary shares at a premium of Rs 4 per share to the shareholders in the ratio of three new ordinary shares for every 20 ordinary shares held. Subject to the consent of the Controller of Capital Issues, the proceeds of the proposed issue will be Rs 2.1 crores, of which Rs 1.04 crores, being the amount payable by Dunlop Holdings Ltd, UK, will be met by set-off against the sterling loans made available by them.

State Bank of Patiala

INTEREST and discount earned by State Bank of Patiala (General Manager: K. Subramanian, Patiala) for the year ended December 31, 1970 have increased to Rs 3.3 crores from Rs 2.5 crores in the previous year. The net profit was Rs 2.89 lakhs

(Rs 3.73 lakhs). The dividend has been maintained at 5 per cent.

Deposits of the bank expanded to Rs 59.4 crores from Rs 55.4 crores. Advances rose to Rs 41.7 crores from Rs 37.1 crores. Investments were higher at Rs 17 crores (Rs 14.4 crores). The ratio of advances to deposits increased to 70.1 per cent from 66.9 per cent and that of investments to deposits rose to 28.6 per cent from 26 per cent.

The liberalised scheme introduced by the bank for providing agricultural finance to small farmers or groups of farmers engaged in such activities as animal husbandry, cottage industries etc was further intensified. Advances were given mostly under the "village adoption" scheme. Under these new schemes, the bank financed 3,998 farmers as on December 31, 1970 with limits totalling Rs 3.67 crores (outstandings Rs 2.81 crores).

The total credit facilities granted by the bank to small-scale industries stood at Rs 6.87 crores in terms of limits with out-

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Interest and discount earned	320.11	251.29	227.57	185.75
Commission, exchange and brokerage	43.13	37.20	28.86	29.02
Other income	2.01	3.70	3.46	4.62
Interest paid	207.49	169.42	142.03	135.34
Other expenses	161.21	116.46	98.54	70.05
Depreciation	3.56	2.58	2.11	1.71
Net profit	2.80	3.73	7.21	6.89
Reserve fund	0.68	1.71	1.45	1.40
Staff welfare fund	0.30	0.25	0.10	0.10
Bonus to staff	3.90	3.70	3.70	3.70
Dividend	1.75	1.75	1.75	1.75
	(5%)	(5%)	(5%)	(5%)
Carry forward	0.30	0.04	0.02	0.01

	As on 31st December			
	1970	1969	1968	1967
Paid-up capital	35.00	35.00	35.00	35.00
Reserves	30.14	35.56	33.85	32.40
Deposits	594.51	554.25	4303.07	3813.39
Advances	4107.32	3708.24	2260.54	1195.05
Investments	1698.11	1439.08	1045.27	927.32
Cash	682.21	596.94	1137.84	2213.78
Balance-sheet total	7441.42	6380.72	4866.07	4711.71
Ratio to deposits of:	%	%	%	%
Advances	70.1	66.9	52.5	31.3
Investments	28.6	26.0	24.3	24.3
Cash	11.5	10.8	26.4	58.1

standings at Rs 3.56 crores as at the end of 1970. The number of units financed increased by 239 to 1,018 in 1970. During the year under review, 22 new branches were opened, thus bringing the total number of branches of the bank as at the close of the year to 116.

Martin Burn

WITH higher sales for the year ended September 30, 1970 at Rs 10.8 crores against Rs 7.6 crores in the previous year, the gross profit of Martin Burn Ltd (Governing Director and Chairman: Mr Biren Mookerjee, Calcutta) has increased to Rs 70 lakhs from Rs 60 lakhs. The net profit, after depreciation and taxation, was Rs 27 lakhs (Rs 26 lakhs). The ordinary dividend has been maintained at 10 per cent. The company's gross profit margin works out to 6.5 per cent against 7.8 per cent. The ratio of net profit to net worth comes to 7.3 per cent (7.3 per cent).

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	8713.59	8161.01	7279.18	6525.24
Sales including excise duty	8770.93	8131.88	7071.04	6500.06
Other income	70.03	41.93	29.38	26.19
Stock adjustment (of finished goods)	-127.37	-11.80	+178.70	-1.01
Opening	467.03	479.83	301.07	302.05
Closing	339.09	467.03	479.83	301.07
Total expenses	7878.79	7340.75	6577.43	5912.71
Materials and stores	4214.92	4068.25	3617.19	3205.19
Salaries and wages	1022.67	879.01	825.19	736.10
Excise duty	1854.88	1687.51	1406.25	1257.86
Other expenses	786.32	717.99	639.77	613.50
Gross profit	831.80	810.26	701.75	612.53
Depreciation	130.74	111.85	106.38	96.69
Profit before tax	701.07	698.61	595.37	515.81
Taxation	301.61	183.25	228.67	250.48
Profit after tax	499.46	515.36	366.70	265.33
Development rebate	21.57	15.12	20.73	1.00
Other reserves	185.99	105.29	60.35	61.60
Dividends:				
Preference	4.60	4.60	4.60	4.60
Ordinary	200.00	200.00	175.00	175.00
	(20%)	(20%)	(17.5%)	(17.5%)
Market price of ordinary shares (in rupees):				
	1970	1969	1968	1967
High	43.60	38.95	28.00	23.00
Low	27.99	26.35	1.69	18.90
	N.D.			

licence received in July 1969 for the manufacture of an additional 1.5 million cycle rims per annum. It is expected that these two projects will be fully implemented by the middle of 1972.

The company's foreign exchange requirements for its expansion plans are being provided partly by the Government of India out of credits and loans obtained from the UK, West Germany and France and partly by sterling loans from Dunlop Holdings Ltd, UK.

The profit and loss account of the company includes Rs 22.94 lakhs received by way of managerial remuneration. With the abolition of the managing agency system, this source of revenue will no longer be available to the company. Although efforts have already been made to intensify the other operations of the company, it will take time to recoup this considerable loss of revenue.

The assets and liabilities including the statutory reserves of the Fyzabad Electric Licence 1933 and the Jaunpur Electric

(In lakhs of rupees)

	For the year ended 30th September			
	1970	1969	1968	1967
Total earnings	11,82.63	894.06	680.50	794.11
Sales	10,84.38	763.66	625.76	708.19
Other income	83.56	100.39	80.92	105.56
Stock adjustment (of finished goods)	14.71	30.10	25.18	19.64
Opening	115.33	85.23	111.41	131.05
Closing	130.04	116.33	85.23	111.41
Total expenses	11,12.43	834.14	619.46	731.48
Materials and stores	901.99	640.28	457.25	532.94
Salaries and wages	141.00	135.44	136.21	145.26
Other expenses	69.44	58.72	66.00	53.28
Gross profit	70.20	59.62	31.04	62.63
Depreciation	0.53	3.45	2.90	2.84
Profit before tax	63.07	56.17	28.14	59.79
Taxation	36.70	30.00	17.85	37.00
Profit after tax	26.97	26.17	10.29	22.79
Withdrawals from reserves and write-backs	2.66	0.55	0.78	3.43
Development rebate	0.05	0.21	0.10	0.15
Other reserves	3.71	0.13	..	..
Dividends	..	..	..	..
Preference	3.90	3.90	3.90	3.90
Ordinary	22.07	22.07	13.74	22.07
Carry forward	0.02	0.13	0.04	0.22
Market prices of ordinary shares (in rupees):	1970	1969	1968	1967
High	9.12	9.56	12.50	23.37
Low	6.75	6.56	8.06	17.37

Licence 1934 acquired with effect from April 1, 1969 have been incorporated in these accounts. Also incorporated are the income and expenditure of these two undertakings for the period April 1, 1969 to September 30, 1970.

Kirloskar Cummins

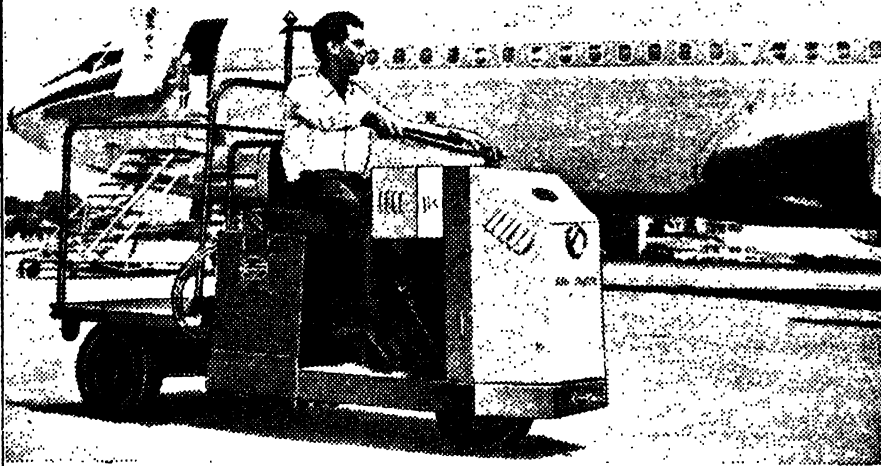
KIRLOSKAR Cummins Ltd (Chairman: Mr S. L. Kirloskar, Poona) has increased its sales for the year ended September 30, 1970 to Rs 6.1 crores from Rs 4.1 crores in the previous year. The gross profit was,

(In lakhs of rupees)

	For the year ended 30th September			
	1970	1969	1968	1967
Total earnings	665.00	513.00	342.82	295.40
Sales	607.93	413.40	328.59	289.09
Other income	44.61	95.67	22.55	10.36
Stock adjustment (of finished goods)	12.52	1.03	8.32	3.65
Opening	0.15	5.42	13.74	17.39
Closing	18.97	6.45	5.42	13.74
Total expenses	594.71	411.44	280.60	238.00
Materials and stores	389.53	277.05	209.71	159.39
Salaries and wages	72.54	58.96	35.79	30.75
Other expenses	102.64	75.43	50.10	47.92
Gross profit	100.35	101.56	53.22	57.74
Depreciation	35.47	21.51	24.41	18.33
Profit before tax	64.88	80.05	28.81	39.41
Taxation	30.18	28.00	..	..
Profit after tax	26.70	52.05	28.81	39.41
Write-backs	..	0.80	16.06	3.10
Development rebate	6.50	4.25	4.10	30.00
Other reserves	10.21	30.61	8.94	..
Ordinary dividend	11.99	8.99	5.98	..
Carry forward	..	..	..	..
Market prices of ordinary shares (in rupees):	1970	1969	1968	1967
High	215.00	204.00	118.50	100.00
Low	161.00	115.00	75.00	65.00

however, slightly lower at Rs 1 crore (Rs 1.01 crores). This was due to the decline in income from job work, from

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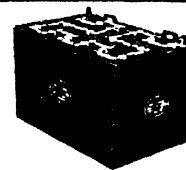
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Rs 90.78 lakhs in the previous year to Rs 22.75 lakhs in the year under review. As a result of higher provision for depreciation and taxation, the net profit declined to Rs 29 lakhs from Rs 52 lakhs. Despite lower profit, the dividend has been stepped up to 8 per cent from 6 per cent. The company's gross profit margin works out to 16.5 per cent against 24.6 per cent. The ratio of net profit to net worth comes to 11.3 per cent (22 per cent).

During the year under review, production of Cummins engines has gone up by almost 50 per cent over that of the previous year. In view of the excellent export performance of the company at a little over 20 per cent of its total production, the Engineering Export Promotion Council has recently awarded a medal of distinction and a certificate of merit recognising the company as the foremost diesel engine exporter from India.

The company's subsidiary, Cummins Diesel Sales and Service (India) Ltd has

continued to perform well. Due to increased selling expenses, the gross profits have gone down and consequently no dividend was declared by the subsidiary for its accounting year, ended June 30, 1970. Financial guarantee extended by Kirlskar Cummins to accommodate the subsidiary's bank advances continued. □

Bajaj-Tempo

BAJAJ-TEMPO Ltd (Chairman: Mr W. F. Knoedler, Poona) had higher sales for the year ended September 30, 1970 at Rs 5.4 crores against Rs 3.3 crores in the previous year. The gross profit was Rs 58 lakhs (Rs 38 lakhs). The net profit, after depreciation and taxation, amounted to Rs 39 lakhs (Rs 10 lakhs). The dividend has been doubled to 10 per cent from 5 per cent.

The company's gross profit margin works out to 10.7 per cent against 11.8 per cent. The ratio of net profit to net worth comes to 21.6 per cent (8.1 per cent).

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a reality
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TATA CHEMICALS LIMITED



In the market

Southern Trawling

SOUTHERN Trawling Co Ltd (Registered Office: 19/2, Cunningham Crescent Road, Bangalore) is offering for public subscription at par 11,000 ordinary shares of Rs 100 each of the total value of Rs 11 lakhs. The entire issue has been underwritten. The subscription list which opened on April 7 will close on April 16 or earlier at the discretion of the directors but not before April 13. Application for shares must be for a minimum of five ordinary shares or multiples thereof. An amount of Rs 25 per share is payable on application, Rs 25 on allotment and the balance in two calls of Rs 25 each.

The company was incorporated on July 18, 1969. The main object is to undertake fishing operations with the aid of medium-sized mechanised boats. The factory will be located at Hosabettu village in Mangalore. The first batch of boats is expected by July 1971. The company has already commenced its activities by arrangement with other factories and has exported frozen shrimps valued at US\$21,642. A further order valued at US\$50,000 is pending to be executed.

During the year under review, the production reached very near the sanctioned capacity. The company has submitted an application for the expansion of its manufacturing capacity to 12,000 vehicles and 6,000 diesel engines for other uses. During the year exports of vehicles and spare parts to Ceylon and the UAR totalled Rs 10.24 lakhs. There were enquiries from

(In lakhs of rupees)

	For the year ended 30th September			
	1970	1969	1968	1967
Total earnings	556.61	332.02	338.99	268.02
Sales including excise duty	541.25	326.03	313.14	246.81
Other income	2.69	11.65	17.81	10.89
Stock adjustment (of finished goods)	+12.67	-5.66	+8.04	+5.32
Opening	16.71	22.37	14.33	0.01
Closing	20.38	16.71	22.37	14.33
Total expenses	408.57	293.63	307.90	246.84
Materials and stores	356.33	189.64	212.46	189.84
Salaries and wages	48.79	35.63	32.39	20.62
Excise duty	41.43	24.09	20.78	14.96
Other expenses	52.02	43.87	42.32	38.43
Gross profit	58.04	38.30	81.09	16.18
Depreciation	14.40	28.55	18.51	22.52
Profit before tax	43.64	9.84	12.58	-6.34
Taxation	4.65	0.00	0.26	1.52
Profit after tax	38.99	9.75	12.33	-7.86
Withdrawals from reserves and write-backs	8.41	4.23	5.48	0.19
Development rebate	2.20	3.56	23.32	..
Ordinary dividend	7.92	3.98	3.98	..
(10%)	(5%)	(5%)	(5%)	..
Carry forward	28.60	-10.68	-17.14	-7.67
Market prices of ordinary shares (in rupees):				
High	19.00	13.78	13.24	9.00
Low	11.78	0.80	7.25	8.88

many other centres. Since the close of the year the company has placed orders for new machinery and equipment of the value of Rs 14.50 lakhs. □

Aruna Sugars

The profit and loss account of the Aruna Sugars Ltd, Madras, for the year ended September 30, 1970 shows a net

loss of Rs 7,41,883 which has been arrived at after providing Rs 10,13,239 for depreciation on straight line method. The surplus brought forward from previous year is only Rs 31,866. A total sum of Rs 14,70,057 has been transferred from the dividend equalisation reserve (Rs 6,00,000), tax provision not required written back (Rs 4,70,057) and the general reserve (Rs 4,00,000) to cover the loss and to pay dividend on preference shares for the year 1970 (Rs 1,19,983) and the dividend on equity shares at 7½ per cent for the year 1970 (Rs 6,14,532). The surplus to be carried forward to the next year is Rs 25,525. The general reserve and the development rebate reserve stand at Rs 5 lakhs and Rs 22.50 lakhs, respectively.

As on September 30, 1970, the paid-up capital of the company stands at Rs 1,02,82,062. The company has got its loan arrangements revised by vacating the charge of the Indian Bank on the block assets of the company on the full payment of Rs 750 lakhs, by reducing the mortgage rights of the Tamil Nadu Industrial Investment Corporation Ltd on the block assets of the company to Rs 25 lakhs only and by creating an equitable mortgage to the extent of Rs 60 lakhs (fresh loan of Rs 40 lakhs plus the balance of Rs 20 lakhs taken over by the Bank) in favour of Punjab National Bank.

Carew and Co

Sales of Carew & Co Ltd, Calcutta, for the year ended September 30, 1970 have increased to Rs 353 crores from Rs 314 crores in the previous year. The net profit, after providing Rs 9.18 lakhs (Rs 7.24 lakhs) for depreciation, amounted to Rs 3.21 lakhs (loss of Rs 1.65 lakhs). The development rebate reserve claimed Rs 1.51 lakhs (Rs 3.03 lakhs). The general reserve got Rs 1.02 lakhs (nil). The ordinary dividend for the year was skipped. During the year under review 1.66 lakh (1.08 lakh) tonnes of cane were crushed, and 1.34 lakh bags of sugar were produced with an average recovery of 8.04 (8.85), per cent. The statutory minimum price for cane continued at Rs 737 per quintal. There was an improvement in the supply of molasses to the Asansol distillery as a result of which it was possible to maintain the production at a satisfactory level all through the year. During the year under review, there was some improvement in the sales of Rosa distillery as suitable measures had been taken to meet the competition from sub-standard products in the market.

Sendra Coal

The Sendra Coal Co Ltd, Calcutta, has earned a net profit of Rs 1.38 lakhs for the year ended December 31, 1970 against Rs 87,054 in the previous year after providing Rs 90,829 (Rs 75,893) for taxation. The ordinary dividend has been maintained at 7 per cent. The company's portfolio is representative of investments which are quoted on the Calcutta Stock Exchange with the exception of Rs 9 lakhs 7½ per cent debentures in Bird and Co (Private) Ltd. The total market value of quoted investments on December 31, 1970 amounted to Rs 6.04 lakhs.

Hindustan Construction

The Hindustan Construction Co Ltd, Bombay, is offering for public subscription 6.3 lakhs ordinary shares of Rs 10 each at Rs 15 per share (includes a premium of Rs 5



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SEK/1-240

Golden Tobacco Co., Private Ltd.

has been converted into a Public Company
and the name of the Company has been changed to

GOLDEN TOBACCO COMPANY LIMITED

with effect from March 15, 1971.

Tobacco House, Vile Parle, BOMBAY-56

per share) of the total value of Rs 94.5 lakhs, in order to admit the ordinary shares of the company to cash dealings on the Bombay Stock Exchange. The application list for the shares now offered for sale will open on April 14 and will close on April 23 or earlier but not before April 17. The full amount of Rs 15 per share is payable on application. The company was established in Bombay in 1926 as a private company and was converted into a public company in 1939. It carries out heavy construction contracts of all types. It has on hand, at present, about 35 projects spread all over India. The value of the outstanding works to be executed as on July 31, 1970 was about Rs 64 crores. Since August 1970, the company has secured further new contracts of the value of over Rs 3 crores. For the year ended July 31, 1970 the company has paid dividend on ordinary shares at 12 per cent. The shares now offered will be eligible for dividend that may be declared for the year ending July 31, 1971 and thereafter.

Preliminaries

Philips India

Sales of Philips India Ltd, Calcutta, for the year ended December 31, 1970 have increased to Rs 37.68 crores from Rs 30.20 crores in the previous year. The net profit, after providing Rs 1.10 crores (Rs 0.91 crore) for depreciation and Rs 4.25 crores (Rs 3.40 crores) for taxation, amounted to Rs 2.47 crores (Rs 1.87 crores). The dividend recommended is 20 per cent (23 per cent) and is payable on the increased ordinary capital of Rs 5.46 crores. During the year under review, the paid-up capital was raised from Rs 3.64 crores to Rs 5.46 crores by the issue of bonus shares in the ratio of 1:2. The dividend will absorb Rs 1.1 crores (0.84 crores). An amount of Rs 20 lakhs (Rs 20 lakhs) has been provided for the development rebate reserve and Rs 10 lakhs (Rs 10 lakhs) for the debenture redemption reserve.

Notice

THE PREMIER CONSTRUCTION COMPANY LTD.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifty-first Annual General Meeting of the Company will be held at Walchand Hirachand Hall, Indian Merchants' Chamber Building, 76, Veer Nariman Road, Churchgate, Bombay-1 on Wednesday the 28th April, 1971 at 4-00 p.m. (S.T.) for the purpose of transacting the business prescribed in the notice sent to all the Members of the Company.

FOR THE PREMIER CONSTRUCTION CO. LTD.

S. S. BORKAR
Secretary.

Registered Office:

CONSTRUCTION HOUSE,
WALCHAND HIRACHAND MARG,
BALLARD ESTATE,
BOMBAY-1.

2nd April, 1971.

EQUITIES

THE WEEK'S PRICE RANGE

Dull trading

BOMBAY, April 6

ACTIVITY on the stock exchange during the week was restricted to a few selected scrips but the trend was fairly steady. The market will remain dull until such time as some hints about the Budget become available. A depressing factor, however, was the statement of the Foreign Trade Minister, Mr L. N. Mishra, that the Government proposed to make textile mills produce more coarse cloth than now and that the penalty for exemption would be raised. This will put the textile industry, already harassed by rising cotton prices, in an even more difficult position. Whether more coarse cloth or higher penalty, the industry will have to increase the prices of the higher varieties in order to set its earnings right but it is doubtful whether this will prove feasible. Mills have reportedly moved the Government but what the latter is going to do is anybody's guess.

It is because of this uncertainty that the investors were rather shy of textile shares. Towards the end of the week Century was a bit shaky and shed a few points. All the same the market, not only in textiles but as a whole remained fairly steady. The factor which helped sentiment was the Prime Minister's statement that production would be maximised and investment increased both in the public and private sectors. The presumption therefore was that while taxation would not be heavy, the corporate sector might be offered some incentives.

Rayons were quiet to steady with National maintained at a steady level. Century Enka was marked down to Rs 330 although it was generally believed that the company would make its maiden dividend. The scrip, however, rallied on replacement buying. ABC, Mico, Cafi and Nocil were fairly active.

Corporate reports continued to be satisfactory. Antifriction Bearings has improved upon its 1969 results and has proposed a 2 per cent rise in the dividend at 12 per cent for 1970. Modella Woollens has also stepped up the dividend from 7.5 per cent for 1969 to 10 per cent (proposed) for last year. The company had paid only 5 per cent in 1968. Delhi Cloth has received the Government's sanction for its 4:5 bonus issues.

Steels maintained a steady tone with Tata mentioned at Rs 101 and Indian Iron at Rs 11.50. Telco held its ground while Voltas attracted fresh inquiry. Chemicals were listless. Money was a bit easy with the call rate at 10 per cent. □

	Closing quotations 31-3-1971	High	Low	Closing quotations 0-4-1971		Closing quotations 31-3-1971	High	Low	Closing quotations 0-4-1971
FORWARD					Miscellaneous				
Textiles					Textiles				
Alum. Advance (100)	228.75**	228.00	225.00	226.00**	Bombay Burnmah (25)	45.75**	46.50	45.50	46.00**
Bombay Dyeing (25)	40.50**	40.50	39.75	40.00**	Hindustan Motors	48.00**	13.00	12.00	48.00**
Central India (50)	40.75**	—	—	40.75**	(10)	12.85**	—	—	12.85**
Century (100)	819.00**	801.50	812.00	805.50**	Indian Copper (2 sh.)	3.08**	3.00	3.00	3.00**
Dawn (50)	72.00**	72.00	70.00	71.00**	Premier Automobiles	59.60**	59.50	59.00	59.50**
Elphinstone (50)	25.00**	25.00	24.00	25.00**	(100)	65.00**	65.00	65.00	65.00**
Finlay (100)	109.00**	109.00	108.00	109.00**	Pre. Construction	159.00**	159.00	151.00	159.00**
Gokak (100)	150.00**	152.00	151.00	150.00**	(50)	176.00**	176.00	176.00	176.00**
Gwalior Rayon (10)	38.75**	39.25	38.50	38.75**	Shivrajpur (10)	7.70**	7.72	7.10	7.40**
India United Ord. (10)	1.38**	1.38	1.38	1.38**	Shivrajpur Paper (10)	14.00**	12.40	10.12	14.00**
Khatana (100)	155.50**	156.00	151.00	154.50**	Tata Oil (25)	67.00**	68.00	65.50	68.00**
Kohlnour (100)	215.00**	212.00	211.00	210.00**	W. Coast Paper (100)	208.00**	208.00	201.00	207.00**
Morjee (100)	255.00**	253.00	252.00	255.00**	Winco (100)	167.00**	—	—	167.00**
National Rayon (100)	518.00**	520.00	510.00	516.00**	CASH				
Phoenix (100)	71.00**	73.00	70.00	72.00**	Textiles				
Podar (10)	9.70**	9.80	9.72	9.80**	Baroda Rayon (100)	118.00	119.00	117.00	117.00
Shreeenwas (100)	129.00**	129.00	128.00	129.00**	Bradbury (50)	47.00	—	—	47.00
Simplex (50)	96.00**	100.00	101.00	96.00**	Century Enka (100)	347.50	345.00	330.00	345.00
Standard (100)	655.00**	662.00	648.00	657.50**	Gold Mohur (100)	158.00	—	—	152.00
Swadeshi (100)	150.00**	148.00	146.50	150.00**	Indian Rayon (100)	77.00	78.00	78.00	77.00
Swan (100)	148.00**	148.00	147.00	147.00**	Lakshmi-Vishnu (100)	99.00	—	—	99.00
Tata Mills (25)	34.50**	33.00	32.00	34.50**	Malafal (100)	375.00	375.25	371.50	375.00
Electric					Modella Woollen (10)	9.00	—	—	9.00
Ahmedabad (100)	109.00**	109.00	108.75	108.75**	Raymond Woollen	91.50	—	—	91.50
Andhra Valley (100)	157.50**	157.50	157.00	157.50**	(10)	19.00	—	—	19.00
B. Suburban (100)	126.00**	126.00	120.00	121.00**	Shree Ram (100)	86.00	—	—	86.00
Tata Hydro (100)	162.50**	162.50	162.00	162.50**	S. L. Viscose (100)	171.00	171.00	168.00	169.00
Tata Power (100)	141.75**	141.75	141.00	141.75**	Western India (250)	188.75	—	—	188.75
Steel					Insurance				
Indian Iron (10)	18.56**	—	—	18.56**	British India (10)	17.76	—	—	17.76
Mukand (10)	17.12**	18.52	17.00	18.36**	India Mercantile	77.00	—	—	77.00
Tata Steel (75)	103.75**	101.50	99.00	103.75**	New Great (25)	39.25	—	—	39.25
Engineering					Noida (15)	46.50	46.25	45.75	45.75
Alcock (100)	64.50**	65.00	62.00	62.00**	Vulcan (10)	16.12	—	—	16.12
Cooper (100)	66.50**	—	—	66.50**	Electric				
Larsen & Toubro (10)	24.00**	24.00	23.80	24.00**	Amalgamated (10)	10.08	—	—	10.08
Tata Eng. & Loco	233.00**	237.00	232.00	233.00**	Surat (100)	127.00	127.00	125.00	125.00
(100)	228.00**	—	—	228.00**	Cement				
SLM-Manekial (100)	245.00**	245.00	238.75	245.00**	Mysore Cement (10)	17.20	—	—	17.20
Voltas (100)	250.00**	250.00	212.00	250.00**	Saurashtra Cement	172.50	—	—	172.50
Oyes & Chem.					(100)	—	—	—	—
Amar Dye-Chem. (100)	208.75**	212.50	208.25	212.50**	Paper				
Indian Dyestuff (100)	332.00**	335.00	329.00	331.00**	Andhra Paper	136.00	—	—	136.00
Polychem (50)	123.00**	123.00	120.00	123.00**	(100) (old)	80.00	77.00	75.00	75.00
Tata Chemicals (10)	29.50**	29.75	28.75	29.75**	Anil Hardboards (100)	142.80	145.00	141.25	142.50
Shipping					Javant Paper (100)	111.00	—	—	111.00
Great Eastern (10)	35.25**	36.50	35.00	36.00**	Rohit (100)	—	—	—	—
Scindia (20)	21.00**	21.02	21.48	21.48**	Steels Metals & Alloys				
Cement					Ferro Alloys (100)	93.00	—	—	92.50
A.C.C. (100)	140.75**	140.75	140.00	140.75**	Hind Alumin. (10)	86.25	86.50	85.75	86.50
Orissa (10)	18.40**	18.64	18.48	18.48**	Khandwal Ferro	165.00	165.00	160.00	160.00
Shree Digvijay (100)	147.50**	147.50	146.00	147.50**	(100)	—	—	—	—
Sugar					Engineering				
Belapur (50)	83.50**	86.00	83.00	85.00**	Associated Bearings	288.00	297.00	287.00	297.00
Maharashtra (50)	94.00**	99.00	97.00	97.00**	(100)	100.00	100.00	75.00	75.00
Phaltan (50)	91.00**	78.50	75.00	91.00**	Hind Tractors (100)	124.00	—	—	124.00
Walchandnagar (100)	105.00**	75.00	73.00	105.00**	Jyoti (100)	18.00	18.00	17.00	17.00
Chemicals					Krikor Oil (10)	18.64	18.00	15.56	15.56
Bayer (India) (100)	248.00	250.00	244.00	247.00	Mahindra (10)	102.00	—	—	101.00
Chem. & Fibres (10)	42.75	45.00	42.00	45.00	New Standard (100)	102.00	—	—	102.00
Colour-Chem. (100)	253.75	253.75	248.75	253.75	Sandvik Asia (100)	285.00	293.00	281.00	283.00
Nat. Organic (100)	243.00	243.00	241.00	241.00	T. Manekial (100)	390.00	—	—	390.00
Phzer (10)	38.00	38.00	36.25	36.25	Zenith Steel (10)	17.00	17.00	16.52	16.76
Polyolefins Ind. (100)	254.00	256.00	253.00	254.00	Cables & Elec.				
Sandoz (10)	18.52	18.52	18.30	18.52	Asian Cables (100)	75.00	79.00	74.00	79.00
Synthetics (100)	180.00	180.00	179.00	180.00	Crompton Greaves	231.25	231.25	227.50	227.50
Miscellaneous					(100)	115.00	119.00	117.50	119.00
Champhor & Allied	237.50	237.00	234.00	235.50	Mahendra Elec. (100)	218.75	220.00	218.75	219.50
(100)	247.50	247.50	245.00	247.50	Standard Batteries	—	—	—	—
Ceat Tyres (100)	5.24	5.24	5.12	5.24	(100)	—	—	—	—
Fibre Glass (10)	23.30	23.76	23.21	23.76	Chemicals				
Gammox India (10)	93.00	93.00	93.00	93.00	Bayer (India) (100)	248.00	250.00	244.00	247.00
Hindustan Lever (10)	440.00	440.00	438.00	440.00	Chem. & Fibres (10)	42.75	45.00	42.00	45.00
Motor Industries (100)	148.50	148.50	147.50	148.50	Colour-Chem. (100)	253.75	253.75	248.75	253.75
P. Magneta (100)	150.00	150.00	147.50	150.00	Nat. Organic (100)	243.00	243.00	241.00	241.00
W. H. Birady (150)	—	—	—	—	Phzer (10)	38.00	38.00	36.25	36.25

* Ex-dividend.

† Cum-right.

§ Ex-right.

** Business for Hand Delivery.

†† Squaring up deals.

Note: Figures within brackets indicate the paid-up value of shares.

Wherever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

COMMODITIES

Spot cotton moves down

BOMBAY, April 6

A pronounced sagging trend in prices was noticed in the cotton market during the past week. Mills were reluctant buyers in a declining market. The continued tight money conditions remained an added deterrent. The sentiment was also influenced, to some extent, by the apprehensions about the Government socialistic policy in regard to textiles, with the accent on the augmentation of the production of Jamata type of cloth.

The decline was particularly marked in the case of Maharashtra cotton, some of which, like Berar AK, suffered a sharp setback in price. It is precisely to stem the rot that the Maharashtra Apex Co-operative Marketing Federation has been extending sporadic support during the last few days. The Federation has, in fact, opened 11 new cotton purchasing centres for arresting the price rise in Akola, Akot, Yeotmal, Ghatji, Vani, Arvi, Sillod, Hingoli, Khedi and Jalna. Although most of the stocks with the growers had already been sold, it would seem that there were some unsold stocks with the growers in Vidarbha and Marathwada. According to Mr M. J. Mohite, the State Minister for Co-operation, the stocks in Vidarbha, yet to be disposed off, amounted to one lakh bales and in Marathwada about 15,000 bales.

The following has been the trend of prices of some of the leading varieties.

	(Rs per candy)	For the week ended April 6	For the week ended March 31
Khandesh ..	2,500-2,700	2,725	
Berar AK ..	2,100-2,200	2,250	
Digvijay Dabhoi ..	3,000	3,000-3,025	
Berar L 147 ..	2,400-2,700	2,750-2,800	
Kalyan 797 ..	2,125	2,300-2,325	
Manavadar CO2 ..	2,700	2,825	

In the import section, interest was confined to stray lots of American cotton, the negotiations for which had been recently finalised. The Cotton Corporation of India had been busy issuing tenders calling for offers of cotton as well as staple fibre. Under the agreement signed in New Delhi between India and Russia on Monday, India will receive 20,000 tonnes of raw cotton per annum (a little over 1 lakh bales) from the Soviet Union. The cotton will be used to manufacture textiles, to be re-exported to Russia. Total imports during the current season as on March 6 amounted to 162,373 bales against 378,802 bales in the corresponding period last year.

Raw cotton registered for export during the season, as on March 23, is placed at 118,348 bales of which 87,914 bales were passed for shipment as against 180,632 bales and 119,743 bales respectively, during the corresponding period last year.

YARNS SUBDUED

BOMBAY, April 6

A dull and drab sentiment continued to prevail in the yarns market during the past week also. The turnover was restricted. Art silk yarns lost further ground during the week due to improved supply and the reduced offtake from upcountry interests. The consumers expect a cut in the rayon prices following rumours that the Tariff Commission's recommendations would be implemented soon. Staple fibre yarns also continued to be subdued. Cotton yarns were steady.

In the art silk yarns section, 150D National Rayon shed nine paise to Rs 17.02. 120D receded by 35 paise to Rs 18.94. 150D

Bright Century lost 20 paise to Rs 16.60 and 120D 26 paise to Rs 18.74. 100D Bright South India eased by 13 paise to Rs 23.02. Staple fibre yarns (2x34 nF) spot Kiran was a shade lower at Rs 11.57 against Rs 11.57 a week ago.

OILSEEDS DIVERGENT

BOMBAY, April 3

The trend in the oilseeds market was divergent. The undertone in groundnuts and groundnut oil was rather bearish and in view of the heavy arrivals of the summer crop seeds at the terminal centres of the South, there is no likelihood of the prices improving in the near future.

Arrivals at the regulated markets of North and South Arcot districts in Madras were estimated at 15,000 bags a day. Buyers were not very keen and with the reported clearance of PL 480 soyabean oil, vanaspathi interests are not eager to rush to the market.

The outlook for groundnut extractions does not seem bright. The UK has not been showing much interest and the quotation was around 1.45. East European countries have exhausted their quota and their quotations are rather low. No fresh business is expected from these markets for the time being.

Japan has become a difficult customer after the aflatoxin scare. Saurashtra is reported to be having on its hands about 50,000 to 60,000 tonnes of unsold extractions.

Castor has maintained a steady tone and no tenders have been made so far in the medium contracts. Tenders in linseed have totalled 300 tonnes. The prospects for tenders in cotton seed meal as the spot material is fetching a high premium.

Comparative prices in rupees were.

Item	31.3.1971	6.4.1971
Castor April ..	144.50	143.00
Castor June ..	140.00	138.25
Linseeds April ..	162.50	160.50
Linseeds July ..	157.50	157.25
G. Nuts Khandesh ..	196.00	192.00
G. Nut oil ..	42.75	42.80
Castor Madras Small ..	152.00	156.00
Castor Coimra. oil ..	34.50	35.50
Castor B.S.S. oil ..	36.75	37.50
Linseeds Bold ..	166.00	160.00
Linseed oil ..	37.50	36.25

FOODGRAINS EASY

BOMBAY, April 5

An easy trend in foodgrains prices prevailed in the local foodgrains market during the week under review. Among coarse grains, the prices of bajra (superior) declined by Rs 2 to Rs 60-70 per quintal on account of poor demand. The daily arrivals were placed only 160 bags. However, the city stock was estimated at around 60,000 bags. Maize at Rs 62-63 per quintal remained unchanged during the week. Activity in maize was limited. The inflow was normal around 170 bags a day. In pulses, gram (Punjab) receded by Rs 4 to Rs 80-81 per quintal, due to heavy arrivals. Urad (Khandesh new) at Rs 148-152 per quintal showed a modest fall of Rs 3 owing to slack demand. The activity in urad was moderate. Tur (Berar white) also declined by Rs 2 to Rs 110-113 per quintal. This was attributed to good supplies in the face of poor demand and discouraging up-

country advices. Moong (Chinai) at Rs 170-200 per quintal, remained steady. The activity in moong was moderate and the city stock was placed at around 15,000 bags.

SUGAR STEADY

BOMBAY, April 5

The prices of sugar (C-30) at Rs 188-190 per quintal remained steady in the local sugar market during the past week. The current prices of sugar are higher by about Rs 10 than the level a year ago. Arrivals and off-take were more or less same at 1,000 bags. Today, about 4,000 bags of 'D' grade sugar were sold by the co-operative sugar factories at a higher rate of Rs 181 per quintal with ex-mill duty.

KIPS FIRM

MADRAS, April 3

The tempo of inquiries for hides and skins was sustained in the past week. Prices were held firm at both buying and selling ends. The demand centred on lower selections in light cow hides, and buff calf, and all grades of cow calf. Available offers were placed in moderate quantities. The importers were willing to pay slightly increased prices for lower selections. The trading in goat skins was poor. Prime sheep skins ruled very firm. There was selective sales in wool sheep while market class remained weak.

SILVER UP, GOLD EASY

BOMBAY, April 6

A divergent trend characterised trading in the bullion market during the past week. Silver gained further ground following restricted arrivals in the wake of improved demand especially from upcountry centres. Gold shed its earlier gains and closed the week on a distinctly easier tone. The increased arrivals and the weak overseas advices imparted weakness. Sovereign was fully steady at last week's levels.

Silver (996 fineness) opened at last week's closing level of Rs 585 and slightly improved in the following sessions. It wound up the week at Rs 586.50 today, the net gain over the week being Rs 1.50. The weekly delivery was mentioned at between Rs 585 and Rs 581. The weekly average arrivals and offtake aggregated 28 bars and 16 bars, respectively.

Primary gold in unofficial trading commenced Rs 2 lower at Rs 183 and remained at that level in the following sessions. It closed the week at Rs 182 today, with a net loss of Rs 3 over the week. Standard gold in official trading began a rupee lower at Rs 192 and receded further and closed the week at Rs 192.50 today with a net loss of a rupee over the week. Sovereign was fully maintained at Rs 174.

MONEY STRINGENT

BOMBAY, April 6

Stringent conditions continued to prevail in Bombay's short-term money market during the past week. The inter-bank call rate was 10 per cent. In Calcutta, renewals were done at 10 per cent.

During the week ended March 26, foreign exchange reserves of the Reserve Bank of India declined by Rs 20.07 crores to Rs 350.43 crores. While foreign securities rose by Rs 5 crores to Rs 273.42 crores, balances held abroad came down by Rs 25.07 crores to Rs 77.01 crores. Notes in circulation declined by Rs 43.54 crores to Rs 4,211.77 crores. Loans and advances to scheduled commercial banks came down to Rs 368.37 crores from Rs 442.82 crores.

Week ended March 26, recorded a rise of Rs 9.70 crores at Rs 4,673.66 crores in the total credit made available by scheduled commercial banks. Borrowings from Reserve Bank came down to Rs 368.37 crores from Rs 442.82 crores.

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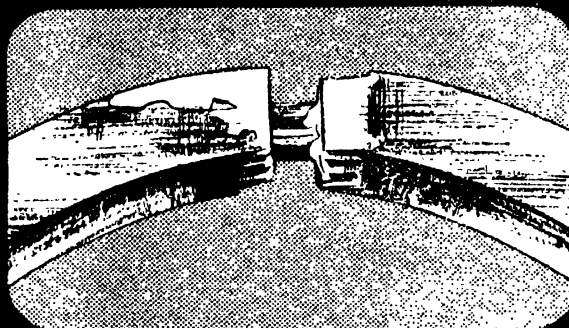
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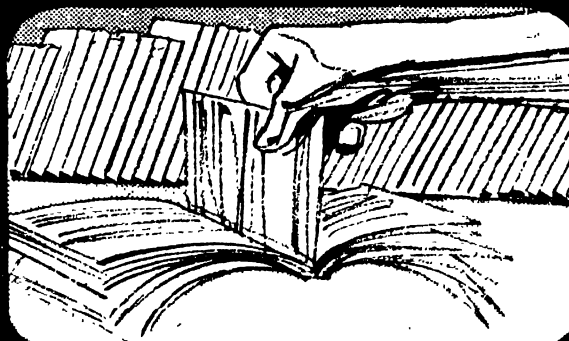
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NON-PLAN EXPENDITURE OF STATES

NON-PLAN EXPENDITURE OF VARIOUS STATE GOVERNMENTS—LATEST ESTIMATES FOR 1970-71

(Rs. crores)

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
	Andhra Pradesh	Assam	Bihar	Gujarat	Haryana	Himachal Pradesh	Jammu and Kashmir	Kerala	Madhya Pradesh	Maharashtra	Meghalaya	Myanmar	Nagaland	Orissa	Punjab	Rajasthan	Tamil Nadu	Uttar Pradesh	West Bengal	Goa
A. Revenue Account																				
I. Non-development																				
(i) Debt services																				
1. Interest payments	34.30	14.47	35.38	18.53	9.33	2.72	15.63	15.88	25.68	33.91	..	23.18	0.85	22.97	14.49	33.35	33.22	44.70	50.30	428.84
2. Appropriation for reduction or avoidance of debt	7.48	3.62	25.70	8.60	6.72	..	..	2.92	3.39	42.35	..	20.26	..	5.30	6.30	3.44	9.68	24.09	5.73	175.18
Total (i)	41.78	17.49	61.08	27.13	16.05	2.72	15.63	18.80	29.07	76.26	..	43.44	0.85	28.47	20.79	36.79	42.90	68.79	56.03	604.02
(ii) Other non-development expenditure																				
1. Tax collection charges	6.76	2.71	7.21	2.99	1.76	0.86	1.27	4.86	6.72	7.79	0.08	8.00	0.08	5.12	3.49	6.73	5.92	12.11	11.32	95.78
2. General administration	14.82	2.65	6.63	4.68	2.42	1.50	1.50	3.40	6.73	15.12	0.49	5.22	2.13	3.50	3.92	4.78	12.20	14.47	8.13	117.71
3. Administration of justice, jails and convict settlements	3.79	1.26	5.27	2.33	1.06	0.32	0.50	2.72	3.64	6.31	0.05	2.66	0.17	1.76	2.21	1.87	4.88	7.32	5.60	54.02
4. Police	13.61	11.75	14.48	12.98	3.75	2.93	5.34	6.60	16.59	30.00	0.13	9.10	5.97	7.66	8.40	16.90	13.06	25.14	30.83	231.27
5. Famine relief	5.00	0.40	2.65	4.93	2.15	0.02	0.43	0.07	0.80	0.86	0.04	3.43	..	0.17	0.66	28.92	0.66	5.06	2.76	58.84
6. Pensions, privy purses and superannuation allowances	5.71	1.20	1.70	2.53	0.76	0.43	0.95	5.30	4.07	4.70	0.01	4.73	0.01	1.25	1.52	3.14	4.40	4.94	3.35	50.78
7. Others	15.45	5.10	6.59	13.60	5.29	1.63	12.68	6.44	8.61	36.03	0.37	11.78	1.32	3.84	6.93	6.36	26.06	16.05	24.11	208.80
Total (ii)	65.14	28.07	44.53	44.04	17.19	7.69	22.57	29.39	47.16	100.81	1.17	45.24	8.83	25.71	27.12	62.70	70.78	86.06	166.94	517.24
Total—(i + ii)	106.92	42.56	105.61	71.17	33.24	10.41	38.20	48.19	76.23	177.07	1.17	88.68	9.83	54.18	47.91	99.49	113.58	154.85	142.07	1,421.31
II. Non-Plan developmental																				
1. Forests	2.63	1.22	1.82	1.56	0.55	4.73	1.67	2.65	7.10	9.10	0.14	5.65	0.22	1.88	0.62	1.20	1.81	5.10	2.06	51.75
2. Public works	11.73	13.37	8.28	11.22	3.44	3.31	2.17	7.10	11.94	9.36	2.63	14.50	0.95	6.60	4.01	4.33	12.69	11.22	16.19	148.94
3. Agriculture and allied items (b)	14.57	3.14	14.37	6.33	3.20	3.45	2.77	5.32	11.19	22.12	0.54	10.90	0.80	11.58	16.30	16.90	23.59	18.22	18.92	189.83
4. Education	64.80	20.46	41.59	36.74	15.49	10.37	8.11	13.45	48.78	76.46	0.88	48.50	2.65	22.17	28.34	36.39	63.80	69.77	70.58	710.39
5. Medical and Public health	18.04	5.04	12.48	10.89	3.50	2.34	3.76	13.29	12.25	28.11	0.52	12.34	1.01	6.98	6.44	13.98	19.84	20.43	23.35	213.10
6. Others	13.79	5.23	8.58	9.84	2.57	1.21	2.63	7.03	14.74	16.15	0.40	12.70	0.29	8.90	5.43	4.80	19.17	16.43	21.53	171.78
Total—II	115.68	48.46	87.42	76.60	28.75	25.51	21.11	92.64	106.00	159.00	5.11	104.59	6.52	58.11	52.28	71.36	133.81	146.13	143.95	1,485.73
III. Revision of D.A., pay scales etc. not included in the above items	3.00	..	5.34	1.61	..	14.30	..	..	..	6.31	..	..	0.35	..	0.08	0.30	7.00	..	38.27	..
IV. Transfer to funds	0.75	0.50	..	8.57	6.15	..	..	0.10	0.80	27.67	..	..	..	1.30	2.09	1.08	1.81	6.08	0.91	51.62
V. Total—A (I to IV)	226.23	91.52	198.37	137.95	62.14	50.32	59.31	141.13	183.03	369.95	6.28	193.27	16.55	113.59	102.25	172.53	256.30	307.08	288.93	2,996.93
B. Capital Account																				
1. Repayment of loans																				
(a) Market	5.49	..	2.77	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
(b) Centre	74.80	28.65	49.31	24.50	13.87	2.99	14.90	22.76	42.12	37.48	0.01	43.00	0.19	30.19	16.65	44.42	26.97	59.40	41.20	576.41
(c) R.B.I., L.I.C. etc.	1.42	0.17	0.44	0.78	0.26	0.08	0.08	0.53	1.11	1.67	0.01	1.00	..	0.60	0.70	0.72	1.72	1.24	0.77	13.82
2. Non-Plan capital outlay	2.58	0.65	1.19	0.93	3.20	1.15	1.80	1.20	0.89	10.09	0.03	6.32	1.49	0.17	3.74	1.57	3.64	4.05	6.85	51.04
3. Non-Plan loans and advances	2.94	1.76	4.28	4.20	11.39	0.20	1.11	4.74	10.71	11.24	0.05	12.77	0.42	2.40	18.48	10.01	8.63	4.35	19.21	128.31
4. State trading	3.00	..	..	0.24	0.28	0.07	1.00	0.01	0.88	2.18	..	2.00	0.21	..	2.64	1.93	3.38	..	..	..
5. Others	83.63	31.24	58.79	35.88	28.44	4.43	18.89	32.52	58.61	66.97	0.30	61.69	2.31	39.65	37.03	64.79	45.32	76.97	4.25	17.90
Total—B	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
C. Total Non-Plan Expenditure on Revenue and Capital Accounts	309.86	122.76	257.16	193.83	90.58	54.95	78.20	173.67	241.64	436.92	6.58	254.96	18.86	153.24	139.28	227.32	305.22	384.05	361.21	3,810.29
Total Non-Plan Expenditure																				
1967-68	167.22	94.81	235.00	154.89	59.26	31.03	43.86	122.23	207.40	324.12	(a)	164.28	14.16	93.09	130.94	142.84	227.53	291.89	207.63	2,712.18
1968-69	259.54	113.07	181.19	154.98	65.04	28.67	57.29	139.97	183.69	321.79	(a)	226.20	16.31	131.24	112.77	184.26	300.53	364.73	256.18	3,089.43
1969-70	304.09	172.13	223.88	204.63	76.65	34.67	101.70	165.10	218.50	442.27	(a)	238.11	17.63	143.28	133.21	280.38	296.46	372.77	310.55	3,741.01

(a) Included under Assam. (b) Agriculture and allied items contain agriculture, fisheries, animal husbandry, co-operation, rural development, community development and N.E.S.

NOTES: Data for all States, except Himachal Pradesh, for 1967-68, 1968-69 and 1969-70 are as furnished by the State Governments while those for 1970-71 are as worked out in the discussions held with State Governments recently. In the case of Himachal Pradesh, data for 1967-68 are as given in the Budget papers for 1969-70 while those for the following years are as furnished by the State Governments about two months ago.

SOURCE: Reply to Unstarred Question No. 147 answered on April 1, 1971 in the Lok Sabha.

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	26-3-1971	19-3-1971	27-3-1970
Issue Department			
Notes held in Banking Department ..	9.59	14.52	23.38
Notes in circulation	4,211.77	4,255.31	3,842.56
Total notes issued	4,221.36	4,269.83	3,865.93
Gold coin and bullion	182.53	182.53	182.63
Foreign securities	273.42	268.42	351.42
Rupee coin	61.67	60.16	64.63
Government of India rupee securities ..	3,713.73	3,708.73	3,287.35
Banking Department			
Deposits of Central Government ..	250.55	373.74	167.64
Deposits of State Governments ..	13.37	12.00	8.21
Deposits of Scheduled Commercial Banks	207.10	195.93	164.11
Deposits of Scheduled State Co-operative Banks	9.33	8.70	8.09
Deposits of Non-Scheduled State Co-operative Banks	0.78	0.78	0.57
Deposits of other banks	0.26	0.28	0.15
Other Deposits	71.65	69.91	159.24
Other liabilities	688.67	685.24	609.90
Total liabilities or assets	1,241.71	1,326.57	1,117.90
Notes and coins	9.67	14.59	23.51
Balances held abroad	77.01	102.08	135.14
Loans and advances to—			
(i) Central Government	—	—	—
(ii) State Governments	249.51	244.34	211.98
Loans and advances to Scheduled Commercial Banks	363.37	442.82	238.02
Loans and advances to State Co-operative Banks	306.49	308.85	275.51
Other loans and advances	33.93	35.29	8.78
Bills purchased and discounted ..	38.08	21.42	61.92
Investments	113.15	112.55	118.87
Other assets	45.50	44.65	44.17

Note: The gold reserves of Issue Department are valued at Rs 53.58 per 10 grams upto January 31, 1969 and at Rs 84.39 per 10 grams thereafter.

COST OF LIVING INDEX : 1970 (Base: 1960=100)

Centre	Industrial workers			Urban non-manual employees		
	Sept.	Oct.	Nov.	July	August	Sept.
Ahmedabad ..	177	181	177	173	172	175
Ajmer ..	189	186	N.A.	172	171	N.A.
Alwaye ..	201	200	199	(a)	(a)	(a)
Amritsar ..	193	198	N.A.	183	189	N.A.
Bangalore ..	187	188	191	176	172	173
Bombay ..	182	183	183	168	168	169
Calcutta ..	189	190	190	170	172	174
Delhi ..	200	204	202	174	175	175
Digboi ..	193	194	196	(a)	(a)	(a)
Gwalior ..	193	195	192	196	193	N.A.
Hyderabad ..	191	193	192	175	174	175
Jamshedpur ..	188	189	190	(a)	(a)	(a)
Kanpur ..	192	193	N.A.	176	177	N.A.
Madras ..	171	174	175	174	178	177
Nagpur ..	191	190	191	170	169	N.A.
Patna ..	(a)	(a)	(a)	192	192	194
Sambalpur ..	202	202	N.A.	173	179	N.A.
Shillong ..	(a)	(a)	(a)	168	167	167
Srinagar ..	170	172	N.A.	179	179	182
Trivandrum ..	(a)	(a)	(a)	176	178	180
Yamunanagar ..	197	198	N.A.	(a)	(a)	(a)
All-India ..	188	189	189	175	175	176
All-India (corresponding month of 1969) ..	179	178	177	168	169	169

(a) The original source of data does not cover this centre.

MONEY RATES*

	1971			1970
	Mar. 26	Mar. 19	Mar. 12	Mar. 27
Reserve Bank of India (Bank Rate) ..	6	6	6	5
Selected Major Scheduled Commercial Banks†				
Call money from Banks:				
Bombay	..	11.00	11.05	7.69
Calcutta	..	11.50	11.00	8.18
Madras	..	10.00	10.00	8.11

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.

† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	For the week ended (Friday)		
	26-3-1971	19-3-1971	27-3-1970
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	145.05	146.09	122.75
(ii) From others	2,560.77	2,551.81	2,234.80
(b) Borrowings from banks	29.51	21.70	29.14
(c) Others	140.20	148.13	127.55
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	28.15	29.34	39.35
(ii) From others	3,282.23	3,291.58	2,793.39
(b) Borrowings from banks	9.70	7.30	9.11
(c) Others	40.82	41.51	27.39
3. Aggregate deposits (1) (a) (ii) + (2) (a) (ii)	5,843.00	5,843.37	5,028.19
4. Borrowings from Reserve Bank ..	368.37	442.82	238.02
(a) Against usance bills and/or promissory notes	202.40	206.20	80.18
(b) Others	165.97	176.62	157.84
5. Borrowings from State Bank and/or a notified Bank and the State Governments	47.28	45.24	59.94
6. Cash	168.56	170.18	146.08
7. Balances with Reserve Bank ..	195.76	197.86	175.79
8. Cash and balances with Reserve Bank ..	364.32	368.04	321.88
9. 8 as per cent of 3	6.24	6.30	6.40
10. Balance with other banks in current account	73.02	69.69	53.48
11. Money at call and short notice ..	27.42	22.05	41.21
12. Investments in Government securities ..	1,363.58	1,366.16	1,166.83
13. 12 as per cent of 3	23.34	23.38	23.21
14. Advances—			
(a) Loans, cash credits and overdrafts	3,702.87	3,688.51	3,295.53
(b) Due from banks	44.66	47.30	19.50
15. Inland bills purchased and discounted ..	758.45	760.99	450.22
16. Foreign bills purchased and discounted ..	212.31	214.46	186.28
17. Total Bank Credit (14 (a) + 15 + 16) ..	4,673.66	4,663.96	3,971.03
18. 17 as per cent of 3	79.92	79.82	78.98

RBI INDEX NUMBERS OF SECURITY PRICES

(1961=100)

Group and Sub Group	Week ended		
	27th Mar. 1971	27th Feb. 1971	28th Mar. 1970
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES			
Total	97.8	98.0	99.2
Government of India	97.2	97.5	98.0
State Government	100.4	100.4	100.4
Semi-Government Institutions	100.7	100.7	101.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—Total	100.9	100.3	96.4
Agriculture and Allied Activities ..	88.9	89.4	87.0
Tea Plantations	69.8	70.4	67.9
Coffee Plantations	129.8	129.8	131.3
Rubber Plantations	148.6	152.2	156.3
Mining and Quarrying: Total ..	54.5	52.6	54.6
Coal	53.6	52.2	54.5
Processing and Manufacturing ..	97.4	96.8	93.5
Processing and Mfg. (Foodstuffs, Textiles, etc.):			
Total	82.9	83.0	80.2
Edible and Vegetable Oils	222.8	225.3	174.8
Sugar	71.6	75.3	86.0
Cotton Textiles	72.3	72.0	68.2
Jute Textiles	39.0	38.7	45.7
Silk, Woollen and Rayon Textiles ..	120.5	120.9	115.1
Processing and Mfg. (Metals, Chemicals, etc.):			
Total	102.7	102.1	100.8
Iron and Steel	94.4	99.7	120.0
Non-ferrous Metals—Basic	126.9	127.7	117.1
Electrical Machinery Appliances, etc. ..	129.6	127.3	106.1
Basic Industrial Chemicals	118.4	115.4	105.6
Other Chemical Products	140.6	151.2	153.0
Processing and Mfg. (Others) ..	125.2	123.3	112.6
Cement	113.7	112.2	105.4
Paper and Paper Products	153.5	151.5	139.3
Rubber and Rubber Products	165.4	162.0	148.2
Other Industries: Total	134.5	133.5	122.5
Electricity Generation and Supply ..	131.2	131.0	121.5
Shipping and Other Transport	311.4	308.9	264.6
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL			
Bombay	114.3	114.0	110.1
Calcutta	95.9	94.8	91.4
Madras	87.7	85.0	85.3
Ahmedabad	80.5	80.3	82.1
Delhi	115.3	115.9	115.9

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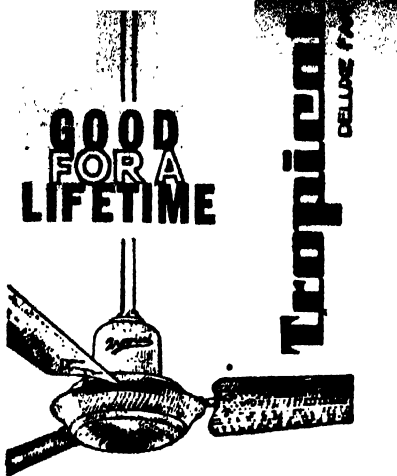
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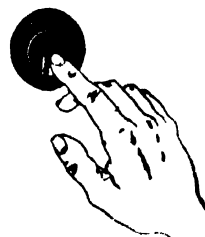
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VOL. 122 No. 3128

BOMBAY, APRIL 17, 1971

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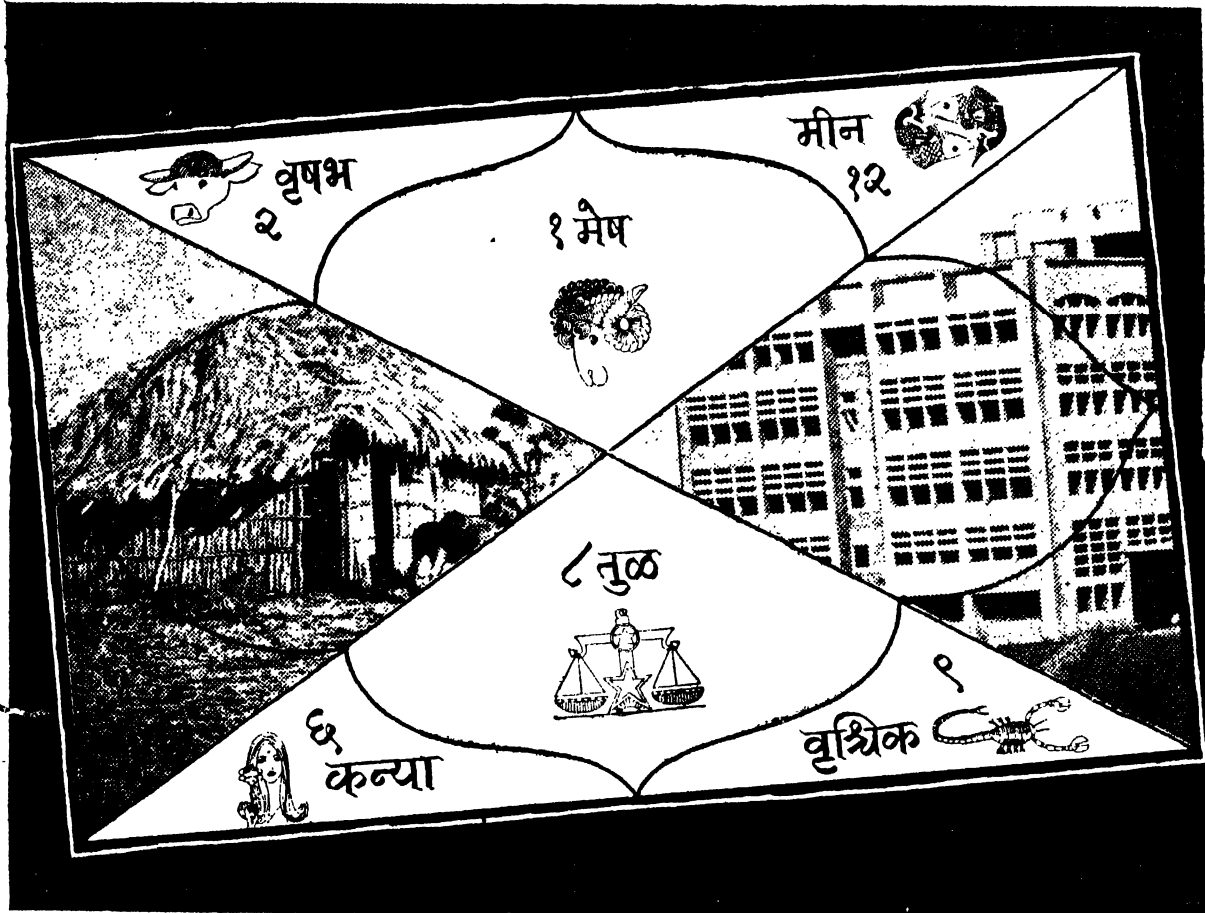
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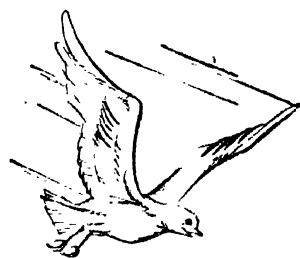
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Vol. 122

APRIL 17, 1971

No. 3128

EDITOR :

VADILAL DAGLI

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D. B. MAHATME

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Building a collaborate relationship

EVEN if Mrs Gandhi's Government did not enjoy the massive mandate which the elections have renewed, the task before it would have remained simple and clear: to fulfil the aspirations of the people. No other electoral slogan expressed these aspirations better than the one which held promise of removing poverty. It is none too early to give body and shape to this election slogan. The essential ingredients of the programmes which would help the Government to make Mrs Gandhi's electoral promises good are now being mapped out by her—and none too soon. No wonder, her words are tailored to the requirements of the changing context. They are, nevertheless, addressed to audiences much larger than her immediate listeners. This is explicit in the emphasis on hard work in the Prime Minister's replies to debates on the President's address to Parliament. People's participation was again stressed by her when she inaugurated the Indian Co-operative Congress: "No Government, howsoever strong or determined, can by itself solve all the economic and social problems with which a country is beset." The social purpose of co-operatives was to enable "people to help themselves". The co-operative movement also enabled the "State to provide support and resources without inhibiting initiative and individuality".

In spite of the passing threat that the Government may have to encroach on private sector activity, industrialists who may or may not have been present at the Ficci session last Saturday can do much worse than forget the agenda for action which the Prime Minister outlined at the Co-operative Congress: "The task of Government is to supplement people's efforts, to mobilise and make

available the resources; to provide a blueprint and a plan; and to ensure that the enterprise and efforts of millions of people have a well-defined aim and that they bear fruit. In the Indian situation, Government has necessarily to perform the negative task of preventing vested interests from monopolising all the gains." Even as the Prime Minister looked forward to a "growing and collaborate relationship" between the public sector and co-operatives, the outgoing President of the Federation, Mr D. C. Kothari, was visualising between the Government and industry a similar and mutually beneficial relationship.

Yet, to maintain its leftist image, the Government must perhaps adopt a seemingly different posture in talking to the captains of industry and trade. Harking back to the anti-social aims of private enterprise must also be partly attributed to the Government's inability to give up some outdated premises. Unfortunately indeed, as Mrs Gandhi said, some co-operatives are "exclusive clubs, which shut their doors to those who do not belong to their circle and which do not adequately help the cause of the weaker sections which they claim to serve. Small farmers, tenants and Harijans are seldom members of co-operatives. It is also said that only a small number actually gets loans and assistance". This would mean that the extent to which social purpose guides the activities of co-operatives is in some areas no larger than is believed to exist in the private sector.

In order, therefore, to ensure that the performance—whether of private industry, of co-operatives or even of the public sector—

does not fall behind the expectations of the people, some kind of policing may certainly be necessary. It needs to be impressed upon them all that their image will be built up and their credibility sustained only to the extent they are moved by a sense of calling which places public good before personal or sectional greed. Before the budget session of Parliament begins in May, therefore, the Government must make up its mind on the areas in need of this police action. So far as the private sector goes, will it be the Industry Ministry itself, aided by the Monopolies Commission? Must the Monopolies Commission work in isolation from the Bureau of Costs and Prices? To what extent is there room for a separate Tariff Commission now? Is a watch on restrictive practices an inseparable activity of the Monopolies Commission? Simultaneously, let the Government turn to the public sector where performance has been by no means flattering. What is it that will help step up investment? How can steel, fertiliser, petro-chemicals and other programmes, which have shown a shortfall in the 1970-71 Plan outlay of some Rs 200 crores, be speeded up?

To the socially disruptive problem of unemployment, there is no doubt that greater entrepreneurial activity and greater accent on growth can provide an answer. If the private sector complains in this context about licensing delays, this should not be dismissed as mutual recrimination. The Government must ask which are the private sector investment programmes that have been held up because of procedural and policy obstacles. Whether or not wages get linked with productivity, the fact remains that productivity needs to be increased substantially. Unless this is done, we cannot but lose export markets in the long run. Price stabilisation is not a ruse to deprive producers like farmers or workers of legitimate gains but an insurance against "the false starts and weak endings", mentioned by the Prime Minister, which really have led the Government to "reappraisal of the planning process".

Obviously the Government still looks with suspicion upon the doings and demands of the private sector. The reason is perhaps to be found in the belief that it works for private profit and not for social gain. In her address to the Federation of Indian Chambers of Commerce and Industry, Mrs Gandhi did well to refer to "premises which are no longer relevant". Profit motive has already become in some areas corporate industrial activity a premise no longer relevant. However, efficiency, good management and bold entrepreneurship must be prized if not rewarded handsomely. It will be conceded—and nowhere so emphatically as in the responsible sections of private industrial enterprise—that it should seek its justification in its contribution to growth with social justice. Wherever there is anti-social pursuit of Mammon or the gains are being monopolised by vested interests, none would object to Government's encroaching upon the domain of the private sector. Mrs Gandhi must know that the areas which must thus attract the heavy hand of Government are also those which have burgeoned on political patronage of a most cynical and anti-social kind. Behind the political demand for decentralised licensing and State-wise allocation of foreign exchange resources, there is the same and none-too-subtle attempt to add some more patchwork to the crazy quilt of patronage held by corrupt politicians.

The Prime Minister spoke of Government's difficulties in proceeding with equal speed along the industrial front. But imbalances result because the essential inputs of one sector are not provided by the outputs of another. Here surely the Government has a positive role to play. Whether it is personnel or procedure, many changes are called for in the public sector, so that politics and bad management do not make nonsense of the larger social purposes for which the public sector was created and can be allowed to exist. Regional imbalances are more intractable. The Government is handicapped by natural constraints. These, however, should not become an *alibi* for *status quo*. In order to move away from the unsatisfactory *status quo*, the people are expecting a lead as much from the Government proper as from the co-operative, private and

public sectors. Instead of justifying past policies and holding out threats, it is to this national task of providing leadership and creating the right climate of hope and achievement to which Mrs Gandhi and her Government must address themselves.

Stemming the dollar flood

THE exchange markets in Western Europe are again in a state of turbulence. Financial experts are of the view that the crisis is still not over and the influx of dollars into European markets still continues at levels that cause concern to the central banks of the West European countries. A number of central banks have reduced their Bank rates. In Sweden, Belgium, Holland and Italy, the reduction has been of the order of 0.5 per cent, while West Germany and the UK have slashed their rate by a full one per cent. In each case the reason given is the desirability to limit the inflow of capital from the US. In Sweden and in the UK there is an additional reason for the cut. They are anxious to make credit cheaper in order to encourage massive expansion of industries. It is reported that Japan also might follow suit. Mr Tadashi Sasaki, Governor of Japan's central bank, has stressed the need to prevent further expansion of the already over-abundant foreign exchange holdings and this could be done only through the lowering of the Bank rate. Mr Sasaki has also indicated that the central bank was marking time before determining whether to relax the nation's money supply with a view to reviving the sagging domestic business operation.

It may be that some countries were contemplating the lowering of the Bank rate without having to face the influx of dollars from the US seeking higher returns on loans. But there is no doubt that the concerted action by so many central banks was the result of the decision of President Nixon to set the economy humming well before the election campaign for the presidency started next year. He has already announced that the US Administration has decided to go all-out for domestic expansion irrespective of the effects upon the balance of payments of the dollar outflow. No help is, therefore, to be expected from Washington to ease the problems of the West European central banks. The question is: what will they do in case the lowering of the Bank rate by itself does not stem the inflow?

One possible solution of the problem is to reduce the supply of Euro-dollars by forcing up Euro-dollar rates. This would be possible if the US were to increase American short-term interest rates which might stem the flow of dollars back to Europe. When the US Administration policy was one of tight money American banks had borrowed in the Euro-dollar market and these borrowings had reached a peak of over \$14,000 million in August 1969. After the sharp cuts in American interest rates the borrowings have been brought down to around \$4,000 million. The other possible solution is for the Europeans to take recourse to the special drawing rights system which might put up pressure on the Nixon Administration to be more accommodating. It remains to be seen, however, whether the International Monetary Fund would favour such a course.

If these lines of attack are not possible or fail to restrain dollar flows the West European nations and Japan might have to consider the desirability of revaluing their currencies. At the moment there are no prospects for such revaluation, partly because the dollar today is not over-valued in terms of the great majority of strong currencies in similar proportion. Nor is there any possibility of the German mark being revalued in isolation because that would affect its parity with major currencies. And this leaves only one way—to allow the exchange rates to float for some time. This would strike at the very basis on which the present international monetary system rests. All this adds up to the IMF making up its mind regarding the reforms in the international monetary system before it is too late.

INDIAN exporters who participated in the Leipzig Spring Fair last March were, by and large, a dejected community. As many as 140 enterprises were represented at this most important trade fair of the German Democratic Republic, but hardly any one of them was able to strike an export deal. "If this goes on repeating itself we shall have no interest in this fair," remarked one of them to this correspondent. He may have been exaggerating the situation considering that both India and the GDR are keen on expanding mutual trade. Nevertheless, his remark did underline the point that in participating in this fair we should be clear about our objectives.

Leipzig Fair has a tradition that goes back to over 800 years. It is truly an east-west trade fair to which a larger and larger number of developed and developing countries, besides the socialist countries, are attracted year after year. But being the fair of the GDR the general impression persists that it is a forum where business can be done with that country. This view is strengthened by the statements that are made on the occasion by official spokesmen of the GDR. This year, too, GDR's Minister for External Economic Relations, Mr Horst Solle, announced at a press conference, held on the fourth day of the fair, the several contracts which the GDR had signed during the fair. He also said that there was every evidence

The Editor is on tour. His Notebook will be resumed on his return.

that negotiations conducted by the participating socialist States, developing countries and the industrialised countries among themselves were brisk in character.

It should be obvious, however, that the GDR's business of millions of marks, the announcement of which was made on the occasion of the fair, was planned much earlier and was not the result of the negotiations at the fair. Selling goods to the GDR is not the same thing as selling goods in a free market economy where on the strength of quality and price it may be possible to enter into contracts at a trade fair or at least create sufficient interest in particular items to hold fruitful negotiations later.

In the economic philosophy adopted by the GDR—in fact by all the socialist countries—foreign trade has a definite role to play in the advancement of the economy. Be it exports or imports, these must fall within the framework of the economic plan, which means that more than the trading agencies it is the State planning agency that defines the composition, pattern and direction of the foreign trade. There is also the fact that the Comecon countries have set in motion the process of co-ordinating national plans, and this policy takes into account bilateral trade negotiations as well. This has helped to put on a firm foundation more than 70 per cent of the GDR's exports and imports.

The GDR is anxious simultaneously to strengthen her trade relations with the developing countries, and the Minister for External Economic Relations noted that

Promotional fair at Leipzig.

By D. B. Mahatme

the GDR's trade with these countries rose in 1970 by more than 12 per cent. He also said that the pattern of trade with the developing countries had in the past year been even better adapted to the requirements of the business partners and claimed that through the supply of plant, equipment and machinery the GDR was actively engaged in promoting the growth of the national economies of the developing countries while they, in their turn, found the GDR an active and safe outlet for exports of their raw materials, agricultural produce and semi-finished and finished products.

Trade figures are proof enough of the growing relations between the GDR and the developing countries. According to the official 1970 Statistical Pocket Book, GDR's exports to developing countries increased from 390.2 million settlement marks in 1962 to 793.2 million marks in 1969; imports expanded from 401.1 million marks to 646.5 million marks (currently one million marks are equivalent to about Rs 1.8 million). The trade with India is also growing as shown below (based on GDR's statistics):

	(Million marks)	1960	1965	1968	1969
Exports to India		56.8	116.5	109.9	124.1
Imports from India		69.6	122.8	115.6	114.7

The figures for 1970 are not available. But both India and the GDR have talked in terms of expanding the turn-over of trade by 10 per cent annually.

There is no doubt that the GDR is as keen on this as we are. But mere desire is not enough. First, our trade is on rupee-payment basis, which means that it has to be a balanced one. This in turn means that if our exports are to increase our imports from the GDR will also have to expand. This directly takes us to the problem of identifying the imports and exports that can be increasingly made and the mechanism to be utilised for this purpose.

It has been repeatedly said that one of the instruments for achieving this objective is the Leipzig Fair. It has been argued that the bigger our participation at Leipzig the easier it will be for the GDR to decide on what more goods it could buy from us. The limitations of this argument have not been discussed fully. It is possible for us to show the most sophisticated machinery that we manufacture in this country and yet not be able to sell anything at the Leipzig Fair to the GDR. One reason, as has been stated earlier, is that the GDR's economic plan lays down the priorities of imports and anything that we want to sell to that country must fit in with these priorities.

This was at least the experience of a manufacturer of popcorn machine who went with high hopes to the Leipzig Fair. Hundreds of East Germans used to visit his stall daily and also eat popcorn with great relish. He

sincerely believed that he had established the worth of his machine and also that there was a good market for popcorn in the GDR. Eventually, however, he was told that the East Germans did not eat popcorn and there was no possibility of the GDR importing that type of machine. To the end he remained unconvinced that the East Germans did not like popcorn and it looked to him that it was an arbitrary decision to say that his machine had no marketing possibilities in the GDR.

In a sense it was the experience of other Indian exhibitors, too. Quite considerable interest was evinced in industrial safety gloves, duplicator machines, do-it-yourself electrical kits, industrial diamonds, aluminium garden chairs and steel pipes which the Indian manufacturers had displayed. But the inquiries for these came from West Germany, the UK, Sweden, Poland, Yugoslavia, Hungary and other countries. There were some inquiries even from Aden for joint collaboration in the electrical field and detergents, but the Indian participants at the Leipzig Fair were disappointed that no one from the GDR showed any interest in any one of these items.

Some of them were reportedly told by GDR officials that there were no funds in the rupee account for the GDR to place orders for imports. This could not be immediately verified though it is true that the mechanism of the rupee trade is such that at times bottlenecks can arise in the smooth flow of trade if there are no continuous imports and exports. This has been amply demonstrated in the case of our trade with the UAR (See *Commerce*, April 10, 1971).

There were others who seemed to be under the impression that the dispute over the RS-09 tractors had something to do with the lukewarm attitude shown by the GDR towards Indian exporters. They felt that since some of these tractors were to be taken back by the GDR, the authorities there would like to have a clear picture of the monetary implications before going ahead with imports from India. Such of the GDR officials with whom this matter was discussed by this correspondent denied this. Interestingly, two views were heard on this tractor issue. Some traced this unhappy development to the "lobby" working against the GDR in this country and in particular allegations were made against West Germany. But a well-informed source, who had the opportunity to look into all the aspects of the dispute, felt that it was possible that the manufacturers of these tractors failed to take into account that this equipment might not be suitable for the climatic and soil conditions in Punjab and elsewhere though these tractors had proved a great success in the GDR Poland and in the Soviet Union. But apparently those who know

(Continued on page 726)

MARKET GOSSIP

LIC, UTI and IISCO

WHAT is behind the purchase of a large block of shares of Indian Iron and Steel Co Ltd this week by the Life Insurance Corporation and the Unit Trust of India? No clear answer will be immediately available. In any case, the purchase of 30 lakh shares of Indian Iron at a price of about Rs 3 crores by the two institutional investors on Tuesday is considered a rare event in the history of share purchases by such investors. The deal is significant in many respects. It gives the LIC and UTI a share of about 35 per cent in the 2.48 crores equity shares of the company. The price at which the deal was struck was about par and was the lowest price for the shares paid during the last seven years by the LIC. It was much lower than the price of Rs 11.30 quoted for the share on Monday. The LIC on Tuesday added 20 lakh shares to its already existing holdings of 57 lakhs giving it 31.8 per cent share in the equity capital of the company. The UTI purchased 10 lakh shares raising its share to 4 per cent.

Reportedly the shares were purchased from "weak hands" who had raised bank loans for the purchase of these shares. It has been known for some time that these large holdings in weak hands have been a drag on the market and the Bombay Stock Exchange had delisted the Indian Iron shares. Not only this. For some time there was speculation on the future of the management of this company and the last annual general meeting of IISCO did see some sort of tussle. Interestingly, a large block of 33.67 lakh shares of Indian Iron are held by a trust and the Government-appointed Public Trustee exercises the voting right on behalf of this trust. It is apparent that the LIC, the UTI and the Public Trustee together can thus have a large voice in the affairs of the company. There is speculation whether this could mean that the LIC and the UTI would participate in the management of Indian Iron. This may not be the case and the purchase of the shares by the LIC and the UTI may be pure investment. But the LIC Chairman, Mr T. A. Pai, has also been saying that the Corporation would always try to safeguard the interest of shareholders wherever it can do this. And in IISCO the LIC is in that position. □

Was the squeeze too tight?

DOES the Reserve Bank feel that the credit squeeze it enforced was too tight? It would appear so from the series of decisions announced by the RBI in recent days. The immediate results of the squeeze are apparent. Net of food procurement advances, credit expansion up to the end of March this season has been Rs 280 crores as against Rs 535 crores during the corresponding period of the last season. Although several relaxations have been made in the credit policy since the squeeze

began in January, the total credit expansion this season has been just over half of the massive expansion last year. Again, the impact of the squeeze has been felt by the borrowers only in March and that too by some of the traditionally organised borrowing industries. Furthermore, these industries were able to obtain special considerations or concessions.

The main mechanism of the credit squeeze was the curtailment of Reserve Bank refinance to banks. With their over-extended position due to lendings to the priority sectors and for food procurement, the banks had virtually no funds and were forced to freeze the lendings to their borrowers or squeeze them. The unprecedented levels of credit-deposit ratio and of inter-bank call money rates and the penal rates paid for Reserve Bank borrowings bore testimony to the tightness in the liquidity of funds of banks.

Gradual relaxation took several forms. The LIC and the Unit Trust funds relieved banks to some extent, but these funds were already within the banking system. The Reserve Bank restricted itself to a penal rate of 15 per cent and allowed special quotas for lending to textiles, sugar and engineering industries. And now further refinance estimated to total Rs 25 crores has been allowed by the Reserve Bank to banks against their food procurement advances. Hitherto, the amount of refinance provided by the Reserve Bank at Bank rate (since November 1970), irrespective of the net liquidity position of banks, was 50 per cent of the rise in food procurement advances over the level as on October 30, 1970. Now, between April 9 and June 30, 1971, banks will get 75 per cent, which will be reduced to 60 per cent during July and to 50 per cent thereafter. Simultaneously, the banks have relaxed the informal freeze on new limits and, as the UP Government has claimed, a further amount of Rs 24 crores has been promised to the sugar industry.

The relaxation will ease the liquidity position of banks to some extent, but not very much really. It is expected that food procurement advances will rise rapidly during May and June and will take away most of the liberalised refinance. Nevertheless, some easing of credit restrictions is expected. One of the reasons given for the current series of relaxations in credit squeeze is that the price situation has eased somewhat. The claim may not be entirely justified and, in any case, the prices take a downward look at this time every year with the market arrivals of agricultural products. One of the reasons why the severe credit restrictions have not caused any particular harm to many borrowers is that, during the past two years, the secular trend of credit has been rising at a very rapid pace. The return flow of funds to banks from busy season credit expansion of the last two years has been only marginal. Thus with a very large

base of outstanding credit, this year's restrictions have not made any material difference to the borrowing public. □

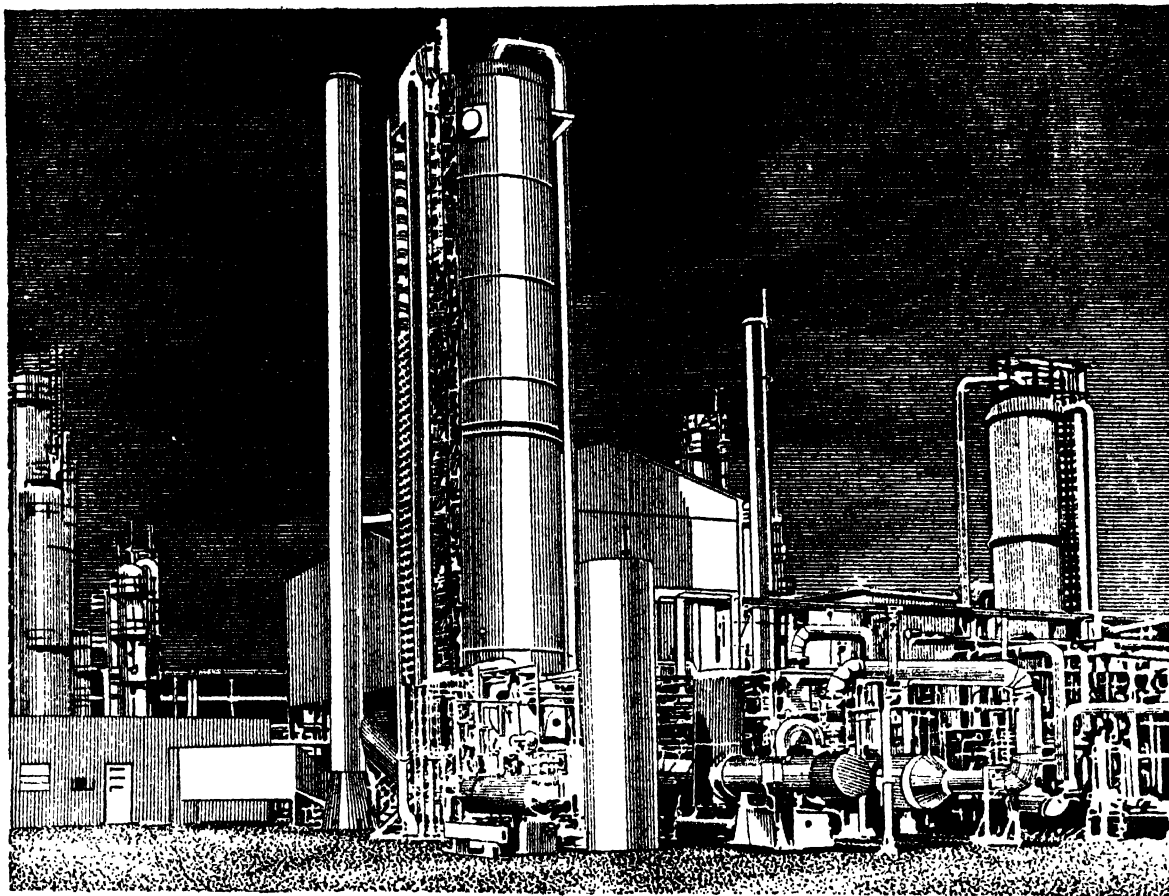
Mr Mishra relents

TEXTILE industry circles here have generally welcomed the outcome of their delegation's meeting with Mr L. N. Mishra, Union Minister of Foreign Trade, over the issue of production controls. It was apprehended earlier that the authorities would proceed with the implementation of the proposal to augment production of controlled varieties to 40 or 50 per cent of the total production. Any hasty step in this direction would have led to chaotic conditions and some of the units would have been obliged to close down in the process.

While the Minister has maintained his earlier stand that no further rise in the price of controlled varieties of textiles would be granted pending the cost investigation by the Bureau of Industrial Costs, he has seen the wisdom of allowing some time for the mill industry to make the necessary adjustments. As a result of the talks between the representatives of the industry and the Minister a high-level committee has been set up to work out the details of the scheme to step up the production of medium and coarse varieties of cloth. The committee will comprise representatives of the Indian Cotton Mills' Federation, the National Textiles Corporation, the Cotton Corporation of India and other interests associated with the textile industry. This means that sufficient elbow room would be given for the industry to work out the proportion of controlled varieties to the total production and one can be sure that there would not be any drastic upward revision of the reserved quota as contained in the original proposal of Mr Mishra.

The industry, on its part, should realise the changed political circumstances and take sustained measures to see that sufficient quantity of coarse and medium cloth is produced to meet the demand of the common people. It is patent from the figures given by the Minister that the industry had been lagging behind in its obligation to produce the stipulated quantum of controlled varieties. The production of these varieties came down from 13.3 per cent of the total output in the last quarter of last year to just 1.1 per cent during the last quarter. The mill industry has now given an assurance that it will not seek to get out of its obligations by agreeing to pay the penalty as it had been doing in the past. It is to be hoped that before fixing the ratio of production between controlled and non-controlled varieties, the high level committee would make a thorough study of the implications, with specific reference to the export potential. Any undue importance to the home market should be avoided in order to prevent permanent loss of the prized overseas markets which have been built up at great cost. □

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SURVEY

USSR: MORE CONSUMER GOODS

THERE were no dramatic developments or pronouncements at the twenty-fourth Congress of the CPSU which has just ended in Moscow. The same collective leadership has been reinvested with the task of leading the Soviet Union between this session and the next. It was, however, decided that the Congress should be held every five years, running along the period of five-year plans of the economy, instead of every four years. This lengthening of the period between the two Congresses also reflects the absence of a major conflict at the top leadership level. In the near future, therefore, the Soviet Union is expected to continue its middle-of-the-road line. From the proceedings of the Congress it also appears that there will be greater concentration on internal as opposed to external affairs. The key-note speeches of both Mr Brezhnev and Mr Kosygin indicate that their main concern will be with the development of the economy and especially of consumer goods.

This concern is understandable. Rightly or wrongly, the leadership of the Soviet Union has staked its claim on behalf of communism on its capacity to match and surpass the economic strength of the most powerful capitalist country in the world, namely, the United States. At one time they were hoping that the rapid development of technology itself would help the Soviet Union achieve this goal. But there had to be a searching analysis of the drawbacks of the Soviet economy which resulted in the decision to change the whole management system. It was decided that the management of the individual units should enjoy greater autonomy within the constraints provided by the detailed national plan. The management was called upon to become profit-conscious and to improve the qualities of the goods produced so as to meet the requirements of the consumers. This change in the philosophy of management has resulted in greater consumer satisfaction. But it has failed to lift the productive capacity of the economy to the level of the US.

In this Congress the emphasis was slightly changed. The resolution passed at the Congress approved the economic programme for a rapid upsurge in the living standard through accelerated development of the consumer goods industry and social service. Of course, it was added that the tempo of the development of heavy industry should be maintained as it was the foundation of extended reproduction and of the technical re-equipment of the national economy and the Soviet States' defensive might. This resolution has to be read with the remarks of Mr Brezhnev. While presenting his report he openly criticised the lethargic attitude of those who accepted the deficiency of certain commodities as a fact of life. The planners, managers, retail organisations, trade unions, and local party organisations were charged with the responsibility of development of light industry and increasing the supply of consumer goods. It was stressed that this was necessary not only for raising the

standard of living but also for ensuring greater circulation of money. The Government has decided to start buying back State bonds from 1974. This would put more money in the hands of the people, and unless there is matching increase in the supply of consumer goods inflationary pressures might increase.

Mr Kosygin has promised to boost the production of consumer goods by more than 40 per cent in the next five years thereby making the life of the Soviet citizens "more prosperous, more meaningful and interesting". This might help in stepping up India's trade with the Soviet Union. There are indications that the Soviet planners are thinking in terms of utilising the processing facilities available in the Indian economy for producing consumer goods. A recent agreement has provided for the import of cotton by India from the Soviet Union to be turned into cloth for export to the Soviet Union. With the emphasis now on raising the living standards of the people of the Soviet Union, more similar agreements can be expected. □

BILLS FOR SALE

AS the deadline for the replacement of the old Bill Market Scheme under Section 17 (4) (c) of the Reserve Bank of India Act by the new Bill Rediscounting Scheme approaches, measures are being taken to popularise the new scheme and to make it workable. Banks have been requested to persuade their customers to convert part of their cash credits into bill limits. Indeed, the Reserve Bank has reported that while sizable limits have been sanctioned since November 1970 under the new scheme, actual utilisation of the limits has been meagre. The main purpose behind the scheme is that while cash credits may still be allowed for inventories and wage payments, all sales of raw materials, intermediate goods or finished products should be covered by the bills. It is unfortunate that the borrowing public has not properly understood this position. Many borrowers are afraid that the Bill Market Scheme will be utilised to curtail the credit facilities available to them. This may be so, if they were enjoying excessive credit facilities. But all genuine producing and selling activities will be covered by the cash credits and bill limits together. On the other hand, many borrowers, especially in the textiles industry, think that they would be able to get new bill limits in addition to their cash credits. It is necessary that banks take more energetic measures to popularise the Bill Market Scheme and explain its working to their borrowers.

One of the requirements of the Bill Market Scheme was that the bills must be accepted by the buyer's bank or the buyer's acceptances must be guaranteed by it before the bills became eligible for discount by a bank and rediscount by the Reserve Bank. It has now been realised that the acceptance or guarantee of the buyer's bank may be difficult to be obtained, particularly when sellers are small-scale industries. The latest relaxations to

the Bill Market Scheme have therefore extended the categories of eligible bills for discount and rediscount purposes. These will include: (i) bills drawn on the buyer and his bank jointly and accepted by them jointly; (ii) bills drawn on the buyer and accepted by him under an irrevocable letter of credit and certified to that effect by the buyer's bank; and (iii) bills drawn on and accepted by the buyer and endorsed by the seller in favour of his bank and bearing a legend signed by a licensed scheduled bank to the effect that payment of the bill would be made by that bank as an endorsee on due dates. The new Bill Market Scheme should now have a good beginning, provided banks educate their customers and publicise these facts extensively and adequately. □

PARALLEL PLANNING BODY ?

WHAT looks like a parallel planning commission has just been set up by the Tamil Nadu Government. The Chief Minister, Mr M. Karunanidhi, is its Chairman and Mr E. P. Royappa, its Deputy Chairman in the grade of the Chief Secretary. The commission will also have full-time and part-time members, a Secretary and a Deputy Secretary. As an advisory body, it will make its recommendations to the Cabinet. Assessing the State's material and human resources and formulating a plan for their most effective and balanced utilisation are its principal functions. The set-up and the functions of the State Planning Commission are thus more or less identical to those of the Central Planning Commission.

There is no mention in the Government announcement either that the State Commission would be subordinate to the Central Commission or that it would co-ordinate its activities with those of the latter. It thus seems to be intended that the former should function independently of the latter. Potential friction or conflict between the two Commissions, leading to strain in the Centre-State relations, cannot be ruled out. What should cause some anxiety, in this connection, is that the State Planning Commission has also been charged with the responsibility for indicating the factors that tend to retard economic development in the State and for determining the conditions which should be established for the successful execution of its plan. No prophetic powers are required to foretell that the Centre's powers in respect of industrial licensing, foreign exchange allocation, taxation, etc would be assailed more cogently and determinedly by the Tamil Nadu Government on the basis of its Planning Commission's findings and recommendations. □

STATE BUDGETS

W. Bengal, Mysore and Orissa

MR Vidya Charan Shukla, Minister of State for Finance, presented to the Lok Sabha on March 27, 1971, the budgets for 1971-72 of West Bengal, Mysore and Orissa which are under President's Rule.

The budget of West Bengal for 1971-72 showed an overall deficit of Rs 28.60 crores. The estimated revenue receipts were placed at Rs 299.85 crores as against the estimated revenue expenditure of Rs 320 crores, resulting in a deficit of Rs 20.15 crores on revenue account. The provision for capital disbursements has been made at Rs 36.49 crores compared with Rs 27.33 crores in the revised estimates for 1970-71. The Calcutta Metropolitan Development Authority has been provided with Rs 65.13 crores for 1971-72. The Planning Commission has placed the 1971-72 Annual Plan outlay of West Bengal at Rs 59 crores which is higher by 15.7 per cent than the likely Plan expenditure of Rs 51 crores during 1970-71. This is yet to be approved by the State authorities.

The Mysore budget for 1971-72 which also showed an overall deficit (Rs 14.46 crores) was presented to Parliament to secure a vote-on-account for the first four months—April to July 1971. The budget was presented earlier in the State Assembly on March 15, 1971 (Please see *Commerce*, March 20) but could not be passed because of a political crisis leading to President's Rule.

The Budget of Orissa for 1971-72, on the other hand, showed a nominal surplus of Rs 33 lakhs. A statement on the budget revealed revenue receipts at Rs 146.48 crores and revenue expenditure at Rs 154.08 crores. Thus, the revenue account closed with a deficit of Rs 7.60 crores. The total revenue expenditure also included Rs 13.37 crores, for State Plan schemes and Rs 9.56 crores for Centrally-sponsored schemes. The State's Annual Plan outlay for 1971-72 has been fixed at Rs 48 crores as compared with the likely expenditure of Rs 46 crores in 1970-71 which marks an increase of 4.3 per cent.

Rajasthan

THE 1971-72 budget of Rajasthan was presented by the Finance Minister, Mr Mathura Das Mathur, to the Assembly on March 27. The revenue receipts are placed at Rs 186.01 crores and expenditure at Rs 197.28 crores. Thus, the deficit on revenue account is expected to be Rs 11.27 crores. The capital account with receipts at Rs 74.82 crores and disbursements at Rs 89.06 crores shows a deficit of Rs 14.24 crores. The overall deficit estimated in the budget is Rs 25.51 crores. The Finance Minister has proposed the following important measures for additional resource mobilisation: (a) revision of sales tax on country liquor, *bhang* and *ganja* and high speed diesel oil; (b) rationalisation of Central sales tax on man-made fibres, non-ferrous metal sheets, pesticides, vanaspati, etc; (c) revision of the State sales tax on certain specified goods; (d) revision of the lump sum amount payable as goods tax under the Rajasthan Passengers and Goods Tax Act; (e) revision of land revenue rates; and (f) fees for conversion of agricultural lands into *abadi* in urban areas. All these measures are expected to yield an additional income of Rs 1.60 crores. These additional resources of Rs 1.60 crores with the additional Plan expenditure of Rs 30 lakhs will reduce the overall deficit to Rs 24.21 crores. The Finance Minister proposed to abolish the betterment levy in all medium and minor irrigation projects. The 1971-72 Annual Plan of the State is placed at Rs 65.90 crores which implies a 16 per cent increase over the estimated expenditure of Rs 56.80 crores in 1970-71.

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	Mar. 20, 1971	Mar. 13, 1971	Feb. 20, 1971	Mar. 21, 1970	Over a week ago	Over a month ago	Over a year ago	Over two years ago
Food articles	200.3	203.8	198.5	200.1	-1.7	-0.9	0.1	7.8
Industrial raw materials ..	192.3	192.9	199.8	189.8	-0.3	-3.8	1.3	13.1
Manufactures	160.7	160.2	160.6	149.0	0.3	-0.1	7.9	15.9
All Commodities	181.0	182.4	181.1	176.3	0.8	-0.1	2.7	10.0

Money and Banking

(Rs crores)

	Apr. 2, 1971	A week ago	A month ago	A year ago	Percentage variation		
		Mar. 26, 1971	Mar. 5, 1971	Apr. 3, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply ..	7,186 (a)	7,078 (a)	7,129 (a)	6,509	1.5	0.8	10.4
Bank credit ..	4,695	4,674	4,642	4,008	0.4	1.1	17.1
Bank deposits ..	5,901	5,843	5,875	5,106	1.0	0.4	15.6
Credit/deposit ratio ..	79.56	79.99	79.02	78.49	..	..	..
Foreign exchange reserves ..	770 (c)	767 (c)	784 (c)	895	0.4	-1.8	-14.0

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/Index			
Industrial production (seasonally adjusted) ..	1960=100	Nov. 70	179.0	179.1	-0.1	4.8
Exports	Rs crores	Dec. 70	151	138	9.4	6.6
Imports	Rs crores	Dec. 70	132	136	-2.9	-1.4
Trade balance	Rs crores	Dec. 70	+19	+2	..	..
Foreign exchange reserves ..	Rs crores	end-Mar. 71	767 (c)	768 (c)	-0.1	-1.5
Cost of living index ..	1960=100	Jan. 71	184	186	-1.1	4.0

ANNUAL INDICATORS

	Unit	1969-70	1968-69	1964-65	Percentage variation in 1969-70 over 1968-69	Annual rate of growth between 1964-65 and 1969-70
National income at 1960-61 prices ..	1960-61=100	134.4 (a)	127.4	119.7	5.5	2.3
Per capita income at 1960-61 prices ..	1960-61=100	108.0 (a)	104.9	108.7	8.0	-0.1
Agricultural production ..	1949-50=100	167.9 (a)	159.2	159.4	5.8	1.0
Foodgrains production ..	Mill. tonnes	99.5	94.0	89.0	5.8	2.3
Industrial production ..	1960=100	174.5	163.7	144.8	6.8	3.9
Exports	Rs crores	1,409	1,354	1,286 (b)	4.1	1.9
Imports	Rs crores	1,568	1,909	2,126 (b)	-17.9	-5.9
Trade balance	Rs crores	-159	-555	-840 (b)	..	..
Foreign exchange reserves (year-end) ..	Rs crores	821	577	393	42.3	15.9
Money supply (average) ..	Rs crores	6,009	5,428	3,866	10.7	9.2
Bank credit (average) ..	Rs crores	3,583	3,107	1,808	15.3	14.7
Bank deposits (average) ..	Rs crores	4,731	4,079	2,467	16.0	13.9
Wholesale prices (average) ..	1961-62=100	171.5	165.4	122.3	3.7	7.0
Cost of living index —working class ..	1960=100	177	174	120	1.7	6.5

Notes:

(a) Estimated by Commerce Research Bureau.

(b) At post-devaluation rate.

(c) While estimating foreign exchange reserves, SDRs transactions that might have taken place February 28, 1971 have not been taken into account.

(d) The figures indicate percentage change during the current calendar year upto the month indicated as compared to corresponding period in the preceding calendar year.

THE WEEK

ACCORDING to the recent census, the population of India is 547 million in 1971 as compared to 439 million in 1961 indicating a growth of 24.5 per cent during the decade. In the previous decade, the growth was 21.5 per cent. Uttar Pradesh is the most populous State with 88 million followed by Bihar (56 million) and Maharashtra (50 million). The density of population is the highest in Kerala with 548 people per sq km against the national average of 182 per sq km. Sex ratio for the nation is 932 females for every 1,000 males. A favourable sex ratio for females is only in Kerala where 1,119 females are there for every 1,000 males. As regards literacy, 29.35 per cent were literate in 1971 as against 24 per cent in 1961. Among States, Kerala has the highest literacy of 60.16 per cent while among Union Territories Delhi's first position in 1961 is now taken by Chandigarh. Poona has attained the status of a metropolitan city by its population crossing the one-million mark. The population of major cities is as follows: Calcutta and suburban areas 7 million, Greater Bombay 5.9 million and Delhi 3.6 million.

The Reserve Bank relaxed on April 10 the credit squeeze imposed three months ago by stepping up the scale of refinancing at the Bank rate for commercial banks for food procurement advances from 50 per cent to 75 per cent till the end of June. As a result of this, commercial banks are expected to have an additional Rs 25 crores besides their own resources at their disposal to meet the demand for credit. This concessional refinancing will be reduced to 60 per cent in July and to 50 per cent from August. (See Market Gossip).

The Reserve Bank has raised the ceiling on credit to sugar mills from Rs 254 crores to Rs 275 crores against stocks to enable sugar mills to clear their cane price arrears. This was announced on April 11 in Lucknow by Mr N. D. Tewari, UP Minister for Finance, after a meeting with the Union Finance Minister, Mr Y. B. Chavan.

A branch office of the Industrial Development Bank of India began functioning at Bangalore (Reserve Bank Annex Bldg. at No. 10/3/8, Nrupathunga Road, Bangalore-2), from April 15.

The Union Cabinet decided on April 14 to retain the procurement prices of wheat at about the existing level as against the recommendation of the Agricultural Prices Commission for a reduction ranging from Rs 2 to Rs 6 in regard to various categories of wheat.

Dempo Steamships signed on April 11 contracts for the purchase of two bulk carriers—a 66,000-dwt bulk carrier from Belgium to be delivered at the end of 1974 and a 21,500-dwt bulk carrier from Hindustan Shipyard to be delivered at the end of 1973.

President Giri dissolved the Mysore Legislative Assembly on April 14 on the advice of the State Governor. Elections to the Assembly are likely to be held in October or November.

A total curfew was imposed in Ceylon on April 9 for 24 hours to put down the Che Guevarist insurgency. On April 11, the Government also placed guards

around the residence in Colombo of five North Korean diplomats suspected to have instigated the insurgency. On April 15 the Ceylon Government ordered the North Korean Embassy to close down and its staff were expected to leave the island within 24 hours. North Korea was accorded diplomatic recognition only in last May after Mrs Bandaranaike's Government came to power. (See also Report the World).

A spokesman of the External Affairs Ministry, New Delhi, announced on April 14 that India had given four helicopters to Ceylon in response to the Ceylonese Government's request for help to combat the rebellion.

King Mahendra of Nepal appointed on April 14 a new seven-member Cabinet headed by Mr Kirtinidhi Bista.

The new Government of Bangla Desh was formed on April 12 with Sheikh Mujibur Rahman as President and the Awami League General Secretary, Mr Tajuddin Ahmed, as Prime Minister. Meanwhile reports from Washington indicate that the World Bank has turned down a request from Pakistan to reschedule her debt servicing charges of \$35 million to be paid before June 1971. It is also likely that the Bank may not favourably respond to another request by Rawalpindi for a standby credit of \$75 million. The US administration has in the meanwhile taken an "interim decision" to hold Pakistan "on a very tight string" in foreign aid.

Mr Leonid Brezhnev was renamed on April 9 as the General Secretary of the Soviet Communist Party at the 24th congress of the party in Moscow. The politburo was expanded from 11 to 15 which included besides Mr Brezhnev, Mr Nikolai Podgorny, Mr Alexei Kosygin, Mr Mikhail Suslov, Mr Andrei Kirilenko, Mr Arvid Pelshe, Mr Kyril Mazurov, Mr Dmitri Polyansky, Mr Pyotr Shelest, Mr Gennady Voronov, Mr Alexander Shelepin, Mr Viktor Grishin, Mr Dinmuhamed Kunayev, Mr Vladimir Shcherbitsky and Mr Fedor Kulakov.

President Nixon announced on April 14 five measures aimed at improving Sino-US relations. These include the relaxation of the US currency controls to permit

Peking to use American dollars, permission for the US oil companies to supply fuel to Chinese ships and aircraft (except for chartered carriers bound for North Vietnam, North Korea and Cuba) and freedom for US vessels and aircraft to carry Chinese cargoes between non-Chinese ports. Meanwhile, an American table tennis team is on a tour of China since April 10 on Chinese invitation. With the team are three American correspondents, the first to enter China since the communists came to power. The Chinese Premier, Mr Chou En-lai, has hailed the visit of the table tennis team as marking an "important step in the relations" between Washington and Peking.

Money unchanged

Conditions were tight in the short term money market as of Tuesday. Demands for funds maintained and interest rates closed firm. In the inter-bank call section, both renewals and fresh money were reported at 10 per cent. In the Calcutta market the rate ruled at 9 per cent.

Price index down

During the week ended March 20, 1971, the Index Number of Wholesale Prices showed a seasonal decline of 0.8 per cent. However, at this level, the price index was 2.7 per cent higher than its level a year ago.

PEOPLE

MR S. S. Kanoria and Mr Madanmohan Mangaldas have been elected President and Vice-President, respectively, of the Federation of Indian Chambers of Commerce and Industry. A standing advisory committee was constituted which includes besides Mr Kanoria and Mr Mangaldas, Mr Shriyans Prasad Jain, Dr Bharat Ram, Mr S. L. Kirloskar, Mr Ramanbhai B. Amin, Mr L. N. Birla, Mr D. C. Kothari, Mr Pravinchandra V. Gandhi, Mr Harishankar Singhania, Mr M. V. Arunachalam, Mr Harish Mahindra, Lala Charat Ram, Mr J. H. Doshi, Mr A. K. Jain and Mr K. N. Modi.

Mr B. K. Vora and Mr N. V. Nayudu have been elected directors of the Central Warehousing Corporation.

50 years ago

The agitation against the wide and wider cultivation of jute in Bengal has not yet subsided; on the contrary it has found a new ally in the Bengalee, which assumes that the present low price of jute is due to overproduction. This organ of Indian public opinion asserts that "although the total consumption of jute has decreased, it has not on that account been bringing less profits to India. . . . Now, if jute is commanding as high a price in the foreign market as it did in 1913-14, why is it that its price has fallen abnormally low so far as the cultivator is concerned?" Hence the Bengalee is led to suspect that there is overproduction and that the supply exceeds the demand. But we have it on the authority of an expert—Mr F. S.

Finlow, B.Sc., F.I.C., the fibre expert to the Government of Bengal—that the low price is really due to the dearth of good jute and a plethora of bad fibre. Quality in jute largely consists of length, strength and colour; also the proportion of the length which is free from adherent bark—known in the trade as "root" which is found at the butt end of the strand. The longer the strand of fibre, the less the proportion of "root" and the greater the value of the fibre per maund. It is true that poor quality jute is being sold on the Calcutta market at Rs 3 per maund, which certainly does not cover the cost of cultivation; but good jute, on the other hand, is being disposed of at anything between Rs 20 and Rs 25 per maund.

COMMERCE

April 16, 1921

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REPORT

THE NATION

From Our Own Correspondents

RURAL EMPLOYMENT

Doubts persist over crash programme

NEW DELHI

THE crash programme for rural employment by which the Centre has set much store does not seem to have evoked much enthusiasm among the Chief Secretaries of State Governments who were specially called to New Delhi early this week to be told about the imperative need to implement the programme without delay. Some of them expressed doubts about the effectiveness of the scheme. Some others sought modifications in the programme which was to have been launched

on the first of this month. All this might contribute to further delay in starting the programme.

The crash programme for which a budgetary allocation of Rs 50 crores has been made for this year envisages, in the main, the provision of jobs to 1,000 persons in each district for a period of 10 months. As far as possible, only those who belong to families which do not have any adult earning member will be employed on works to be started under the programme. An illustrative list of labour-in-

tensive works drawn by the Centre for this purpose includes road building, reclamation and development of waste land, drainage, minor irrigation, ground water development, soil conservation and afforestation. The intention of the Centre is that these works should result in durable assets and contribute to the productive capacity of the rural areas. Rural works in the past had not been enduring because they were undertaken on a "kutchha" basis. Some of them were washed out by rains and others became inoperative because of lack of maintenance. Unless these problems are taken care of, it would be futile to hope for the building up of permanent assets through the crash programme for rural employment.

Some of the Chief Secretaries doubted the wisdom of having a district as the unit for the purpose of implementing the programme. They pointed out that there were districts with a population of over one million and the creation of jobs for only a thousand persons every year will not have any impact on the unemployment problem in those areas. They felt that it would be more realistic to adopt a development block as the unit and aim at providing jobs to a hundred persons in each selected block. There is some force in this argument and it is hoped that the Centre which has promised to review the programme periodically will make this change.

There was also some difference of opinion between the Centre and the States regarding the wages to be paid to people engaged in rural works. The programme provides for a payment of Rs 100 per month or Rs 3 per day. The Chief Secretaries not only considered the monthly wage to be inadequate but also thought that the ceiling of Rs 3 per day was unrealistic in the case of certain States, especially in Punjab and Haryana where farm labour has become increasingly scarce. Since there are backward pockets not only in every State but in every district in each State efforts must be concentrated on the pockets. This again underscores the need for making the development block as the unit for implementation of the programme.

Some States were not happy over the adoption of a 10-month span for the provision of employment to people in the rural areas every year. It is true, the cropping season varies from region to region. But some adjustments in the programme can be made to suit the variation in conditions in different areas as its implementation progresses. Few programmes are free of deficiencies, to begin with. But it does not mean that they should not be given a fair trial. This is all the more relevant in the case of the unemployment problem which, if not tackled with speed and determination, will lead to deleterious social consequences. The preoccupation of the Chief Secretaries with the refinement of the programme even before it is launched betrays lack of sense of urgency on their part, which does not augur well for the programme. □

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CO-OPERATIVES

Why should they be exclusive clubs?

NEW DELHI.

THE sixth Indian Co-operative Congress which recently met in New Delhi was assured by Mrs Indira Gandhi—that her Government would extend the fullest support to the co-operative movement. But the Prime Minister also stressed the need for an inquiry into the problems which faced the movement. She pinpointed the tendency in some co-operatives of developing a special kind of vested interest. She said that it was unfortunate that they were looked upon as exclusive clubs "which shut their doors to those who do not belong to their circle and which do not adequately help the cause of the weaker sections which they claim to serve." Mr Brahm Perkash, Secretary-General of the National Co-operative Movement in India, on the other hand, charged the bureaucracy in the Government and the vested interests in the private sector with deliberate efforts to denigrating the co-operative movement and tarnishing its image. He, however, admitted that an atmosphere had been built up in the country which enabled vested interests to dominate the movement making it incapable of delivering the goods. Dr D. R. Gadgil who gave the valedictory address called upon the Government not to encourage the defaulting members of agricultural co-operative societies. All these three speakers were offering their own diagnoses of the most crucial problem facing the co-operative movement.

The co-operative movement has expanded rapidly in our country. But it has not yet utilised fully its enormous potential for doing good to the maximum number of people or to kindle people's faith in the co-operative system. The reasons for this had been investigated by a number of expert committees and it is difficult to appreciate the need for one more inquiry into the problems which faced the movement. Mrs Gandhi in her inaugural address said: "I know of no other instrument so potentially powerful and full of social purpose as the co-operative movement. It helps people to help themselves. It also enables the State to provide the necessary support and resources without inhibiting their initiative and individuality." She was of the view that wherever an agricultural breakthrough was preceptible, the development had been largely facilitated by a vital co-operative structure in the area. The co-operatives could help in the revolution now going on in the agricultural sector by offering credit, material inputs and marketing and processing services.

The Congress considered these problems and suggested remedies to impart a fresh vigour to the movement at a time when people were expecting rapid change and greater social justice. It has recommended to the Government that inefficiently-run private sugar factories, instead of being nationalised, should be handed over to the growers' co-operatives. It has called for the creation of a separate export credit fund to enable the co-operatives play a more effective role in the export of agri-

cultural commodities. It has suggested that cotton producers' co-operatives should be permitted to market cotton as that would protect the growers from exploitation by middlemen. The Congress has recommended greater financial outlays for the co-operative sector in the Fourth Plan. It has regretted that, in spite of specific recommendations made at the State Chief Ministers' conferences from time to time, a number of State Governments has not allocated funds for schemes to develop co-operative marketing. The Congress has called upon the Government to so orient its licensing policy as to give preference to co-operatives for setting up agricultural processing industries.

It was left to Dr Gadgil to assess realistically the present state and possible development of the co-operative movement. He was of the view that agricultural co-operative societies should be self-reliant and that the Government's aid should go only to the viable units. We pointed to the anomaly of no efforts being made in States where the structure of the

co-operative movement was weak to strengthen it. He stressed the need for self-discipline among co-operatives. Dr Gadgil also recommended that the nationalised banks should establish a workable link with co-operative societies so that long-term interests of the banks and the beneficiaries were safeguarded.

The Congress met at a very opportune time when the Government is engaged in the task of formulating its economic policies so as to fulfil the promise it has given to the people of banishing poverty. The rapid development of agriculture that has already taken place cannot be sustained in future unless there is an underpinning of an effective and broad-based co-operative system. The best results can be achieved only by effecting a close link between the two.

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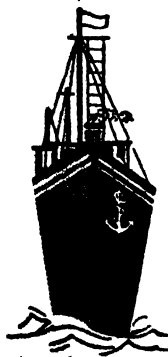
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agricultural development has been adopted, the pace of progress would have been nearly as rapid as in Punjab and Maharashtra had it been reinforced by an effective co-operative system. Therefore, the time has come to make serious efforts to develop co-operatives as a necessary and long-term adjunct to the agricultural economy. □

CENSUS

11 crores more Indians

NEW DELHI.

THE enumerations for the 1971 census have ended and preliminary findings have been published by the Registrar General of India, Mr A. Chandra Sekhar.

According to the provisional estimate, the population of the country was 54.69 crores in 1971 as compared to 43.9 crores in 1961. This works out to a growth rate of 24.57 per cent during the 1961-71 period as compared to the growth rate of 21.5 per cent in the previous decade. As was to be expected, the growth rate of population has been varied in different States. Nagaland has recorded an increase of 39 per cent in 10 years. One distressing fact disclosed by the census figures is that the sex ratio is unfavourable to females. There are 932 females to every 1,000 males. This is attributed to a higher mortality rate among women.

The overall rate of literacy has gone up from 24 per cent in 1961 to 29 per cent in 1971. Another interesting point revealed is that the migration of the rural folk to some of the major cities such as Bombay and Madras has not been as heavy

as was feared earlier. In spite of this, however, Bombay's population has increased by 42.87 per cent in the 10 years from 1961. This is the largest percentage of decadal growth of population in Maharashtra. The State average is 27.16 per cent. Calcutta and its surrounding areas have now a population of over 70 lakhs. Delhi has a population of 36 lakhs. Poona has attained the status of a metropolitan city with a population of 11 lakhs.

This preliminary report presented to the Government just two weeks after the end of census was made possible because of the use of computers. The Registrar General of India hopes to complete the census report within six months. It is only then that it will be possible to judge better the trends in the evolving fertility patterns, and the impact of the family planning programme on the population growth. □

REPORT

THE WORLD

From Our Own Correspondents

EEC

In-built protectionism in generalised preferences

BRUSSELS.

"LIBERAL, outward-looking and conscious of its responsibilities towards the developing countries:" this, according to Professor Ralf Dahrendorf, was the impression conveyed by the EEC the day the Council of Ministers approved the details of the Community's offer on generalised preferences. Those who believe a bird in hand is worth any number on the wing will probably share his view, because since the Council's decision of March 31 it looks as if the Common Market and Japan will be the first to implement their offers to grant duty-free entry for the manufactured and semi-manufactured products exported by developing countries.

The decision to implement the Community's offer from July 1 came as something of a surprise. In view of the French reluctance to fix a firm date as long as the Americans had not backed up their offer with something more than verbal assurances, the Commission had suggested that the Six take July 1 as a "target date." But when the time came the French voted along with the others to begin implementation from July 1, whatever the sins of omission of the Americans (or any of the other major donor countries, for that matter).

The French acceptance of the implementation date seems to have been directly linked to the Council's other important decision on preferences, that relating to the beneficiary countries. From the beginning it had been taken for granted that the 91 countries that make up the Group of 77 would be among the beneficia-

ries. As a result, debate among the Six had centred mainly on whether or not to include the four developing OECD countries (Turkey, Greece, Spain and Portugal) and Taiwan, Cuba, Malta and Israel. The French opposition was directed principally against Israel and, to a lesser extent, Taiwan (in both cases for evident political reasons).

The Commission, anxious that the Six begin implementing their offer as soon as possible, proposed that the initial list of beneficiary countries be limited to the members of the Group of 77 and the dependent territories of the industrialised countries (such as Hongkong). As the Germans and Dutch favour the inclusion of Israel among the beneficiaries, the French apparently felt that the Commission's proposal offered the best means of shelving the vexed question of Israel and Taiwan for some time.

Although the exclusion of Cuba and Taiwan, neither of which is a member of the Group of 77, will be regretted by some developing countries, the Group as a whole will welcome the Six's decision to implement their offer without further delay. (For purely technical reasons the Six may be compelled to postpone implementation by a month or so. The Commission must now draft the necessary regulations for the customs administrations of the six member States, and it is possible that this and associated administrative tasks will take more than three months).

The danger arises from the fact that under the EEC's scheme imports of the so-called "sensitive" items will be shared

out among the Six. In other words, each of them will take only a limited amount of these items, the shares agreed to by the Council of Ministers being West Germany 37.5 per cent, France 27.1 per cent, Italy 20.3 per cent and Benelux 15.1 per cent.

The "sensitive" items include such goods as petroleum products, certain hides and skins, leather articles, including travel goods, certain items of footwear, wigs, crockery, glassware, costume jewellery, sewing machines, bicycles and parts, toys etc. Under the Council's decision of March 31 imports of these items into West Germany, for example, will be limited to under 40 per cent of the import ceiling for any one of them. As a result, where West Germany is the main importer at least a part of the ceiling will remain underutilised.

The EEC officials believe the danger of underutilisation to be small; in their view the prospects of duty free entry will stimulate importers in all the EEC countries to redouble their efforts. The Commission nevertheless had proposed that a part of each ceiling be set aside for the Community as a whole. If this were done, any member country that exhausted its share could continue duty-free imports by drawing on the "Community quota". (Eventually a country that was unable to import its full share could turn over a part to the "Community quota".) But this proposal was strongly opposed by all the member states, although they agreed to look at it again in two years' time.

Unfortunately for the beneficiary countries, the Council of Ministers adopted unchanged the Commission's detailed proposals as regards the method of calculating the various import ceilings, the level of the cut-off points, the lists of "sensitive" and "semi-sensitive" items, etc. These are provisions which, without exception, will act as a brake on imports from developing countries. They must therefore be regarded as strongly protectionist.

with the possible exception of the cut-off point, mechanism, which should give countries like India a chance to compete successfully against Yugoslavia and Hong-kong.

Although the Six described their decision to grant preferences as "one of the most significant since the conclusion of the Kennedy round," the fact remains that only a dozen countries at most will benefit from it—for the first few years, at any rate. Their numbers would rise if the donor countries eventually decided to include the developing OECD countries and Israel and Taiwan among the beneficiaries, but even then would never be very large.

One problem that may yet turn up to bedevil the Six is that of mainland China. According to Italian sources Peking has indicated to Rome that it would like to establish formal ties with the EEC now that the Communist regime has been recognised by the majority of the Six member States. Should China be admitted to the UN this autumn it could seek admission to the Group of 77—or ask the Six to include it among the countries eligible under their scheme. Clearly it would be virtually impossible for them to shelve a request from Peking. □

CEYLON

Mrs Bandaranaike fights Che Guevarists

COLOMBO.

THE Che Guevarist uprising that has rocked Ceylon followed a disturbing pattern that has become common in many parts of the developing world—the discontented urban, educated youth forming the nucleus of rebellion by the peasantry. Even the relatively left-oriented Government of Mrs Bandaranaike could not provide, as is now apparent, a political solution. Just as other Governments in similar situations—whether of the left or of the right—Mrs Bandaranaike's administration had to rely on the army, the navy and the air force to put down the rebellion.

Since the uprising by the so-called People's Liberation Front began on April 6, the Government had to move fast placing the entire country under curfew and handing over the administration of six districts—Galle, Matara, Hambantota, Kegalle, Kurunegala and Anuradhapura—to the army. Nearly 300 of the insurgents are reported to have been killed while no official figures are available of casualties on the Government side. Apart from the state of emergency declared earlier, the Government proclaimed stringent punishment such as death, imprisonment up to 20 years and confiscation of property for offences of conspiracy to overthrow the Government. Colombo claims that the aim of Che Guevarists was to overthrow the Government but the plan was scotched by prompt action. At week-end, the massive campaign by the army had begun to produce results and the guerillas were on the defensive. The navy had been able to smash a hide-out at Maho, 160 kilometres from Colombo, claimed to be the headquarters of the movement.

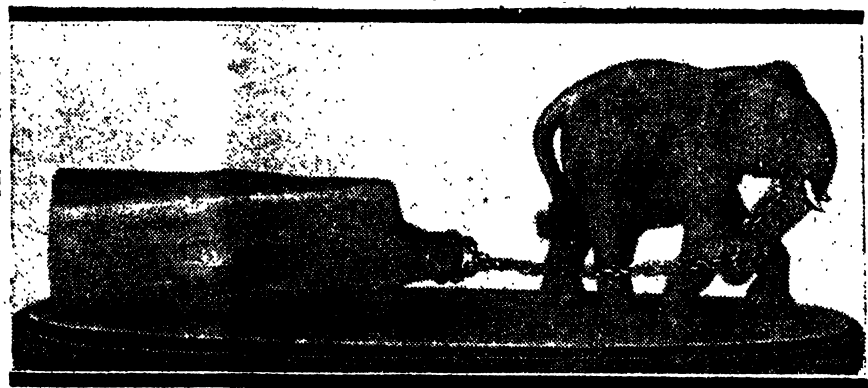
Whether the Government is able to bring back the rule of law quickly or not,

the rebellion has left a deep scar in Ceylonese politics. Apart from the theories of foreign inspiration (the name that is more often heard is that of North Korea's Kim Il Sung than of Mao tse Tung), Ceylon's economy has been fast becoming an ideal breeding ground for political rebellion. The economy has markedly slowed down since 1969 and the per capita growth in national income has fallen to 4 per cent from the pre-1969 level of 6 per cent. Unemployment has been growing fast and nearly 8 lakhs out of the total population of 130 lakhs are jobless—12,000 of them jobless graduates. The Government's policy of subsidising imported rice and other politically expedient measures are a heavy burden on the exchequer. With the fall in the price of Ceylon's two main export commodities—rubber and tea—the trade deficit of the country reached last year a record of Rs 74 crores. Mrs Bandaranaike had swept the elections with her liberal promises of

lower prices, cheap housing and "jobs for all". The Che Guevarists (membership estimate 20,000) supported Mrs Bandaranaike at the elections. They were soon to be disillusioned as the new Government could move only at the same pace as in the past.

Once rebellion broke out, Mrs Bandaranaike tried to deal with it in the normal fashion. She had to look to the UK to obtain her immediate requirements of small arms, which were airlifted from Singapore. The rebellion has also reminded her that the immediate threat to Ceylon's stability comes from the extreme left and not from the extreme right—a fact which may tempt Mrs Bandaranaike to play down her leftist policies in the coming months and years. But the real threat to stability comes from the acute unemployment situation and the stagnation in the economy. □

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BUSINESS REPORT

From Our Own Correspondents

FICCI

Purposive dialogue with Government

NEW DELHI.

THE annual session of the Federation of Indian Chambers of Commerce and Industry held in New Delhi last week was notable for the absence of confrontation between the Government and industry. It is difficult to recall any previous annual session where the approach of industry to various economic problems facing the country and its ideas about solving them were not at variance with the Government policy. This is not to say that a close identity of thinking between the two on these problems has now emerged. But that they are trying to speak on the same wavelength would be a fair summation. There was enough in the speeches of the Ficci President, Mr D. C. Kothari, and the Prime Minister, who inaugurated the session, to conclude that the process of convergence of their attitudes has begun.

Mr Kothari's address was refreshingly different from the presidential speeches in the past in that he refrained from harping on old problems or airing the grievances of the business community. The tax burden on industry which his predecessors without exception made much of and thereby provided a constant irritant to the Government found no place in his speech. He set the tone for a purposive dialogue with the Government by pleading for greater rapport, and Mrs Gandhi responded by expressing the Government's anxiety for a proper understanding with the private sector. As Mr Kothari stressed, the Government, management and labour have economic and social functions to discharge and they could do so effectively only if they acted as partners in the service of the community as a whole.

For the first time the presidential speech was devoid of a familiar characteristic, namely, criticism of the public sector. On the other hand, Mr Kothari struck a hopeful note while dealing with it. He visualised the public sector's becoming a large contributor to the public exchequer in the foreseeable future and thereby reducing the need for recourse by Government to taxation to raise resources for investment. He, however, rightly urged greater autonomy for public sector undertakings if they were to function efficiently. He tried to make common cause with the public sector when he made the point that the "corporate segment both public and private" could provide critically needed funds for sustained development which alone could ensure social justice. The same spirit motivated his plea for greater professionalisation of management.

While both the Ficci President and Mrs Gandhi were agreed that the growth of production should be linked with the spread of distributive justice, the emphasis they put on the relative priorities was not the same. Mr Kothari was clear in his

mind that only by strengthening the productive apparatus the country would be able to travel faster along the road to social justice. Mrs Gandhi, on the other hand, firmly believed that increase in production and better distribution should go hand in hand. Any other path, she asserted, would ultimately lead to decline in production. In this connection she referred to the Government's decision to step up public investment in the current year which would supplement what the private sector did on its own.

Mrs Gandhi told the captains of industry: "If your accent is on growth, you will find that there will be sympathy and support from Government". She, however, held out the threat that if they hesitated the Government might have to encroach on their preserve. This sounded like a discordant note on an otherwise favourable response to industry's desire to go with the Government wholeheartedly in bringing about the economic and social transformation of the country. Apparently, Mrs Gandhi has not been able to get over the experience of the past year when investment touched a new low. But now that

the country is assured of political stability—the lack of it during the past few years had undoubtedly inhibited investment—she need not have worried overmuch about investment continuing to be shy.

But Mrs Gandhi's speech in its totality should be reassuring to industry. For instance, Mr Kothari's suggestion that a formula should be worked out in consultation with the trade unions for relating some portion of the increase in wages to productivity found acceptance at her hands. Although she complained that specific measures to hold the price line met with resistance she had no hesitation in saying that the linking of wages with productivity was an effective means of maintaining costs and prices at reasonable levels. It is a measure of the importance that the Government attached to this matter that Mrs Gandhi told the Ficci session that it would soon begin discussions with trade unions and managements as to how best linking could be done. Similarly, Mr Kothari's plea for simplifying official procedures and reducing delays evoked a ready response from the Prime Minister in the form of a promise of action as quickly as possible. Also, on the subject of controls she made the point that they would not be used to stifle industrial growth but for ensuring that such growth as was achieved gave the maximum social benefit. □

FOREIGN INVESTMENT

Mitsubishi leads the way to India?

TOKYO.

JAPANESE business has lost little time in showing how deeply it has been impressed by the massive victory of Mrs Indira Gandhi in the recent mid-term poll. A Mitsubishi economic mission is visiting India this month for two weeks from April 20 to look for opportunities for investment, joint venture and trading partnership in third countries.

In fact, the leader of this high level mission, Mr Ninichi Nakagawa, Managing Director of Mitsubishi's world-wide trading empire where the sun never sets, has frankly admitted that he is going to India within weeks of a new government having been installed in New Delhi to "take advantage of the political stability brought forth by the landslide victory of Mrs Gandhi's party".

Mr Nakagawa does have some clear idea of what he is going to seek in India. For the moment he says that the purpose of his mission is "to find ways to expand India's exports to Japan and third countries, bilaterally and multilaterally and to provide technical assistance to improve production quality and meet the technological deficiencies in India". The mission will also study the feasibility of organising export-oriented industries through joint ventures. The mission comprises nine experts drawn from three departments of

the Mitsubishi empire—Mitsubishi Shoji Kaisha (trading house), Mitsubishi Heavy Industries and Mitsubishi Electric Corporation.

Announcing the mission Mr Nakagawa said that the main imports from India now are iron ore and other raw materials. "However, we understand that, as India has been endeavouring quite successfully to develop export of manufactured goods lately, she is naturally desirous of changing the mode and pattern of trade with Japan." He noted India's valid and "logical desire" to export end-products also, such as, machine tools and parts, chemicals etc, to Japan as well as to third countries through the joint efforts of the two countries. Mr Nakagawa has further said, "Our mission is prepared to discuss with Indian officials and private industries their need for capital investment and technology to meet the existing gaps as also what Mitsubishi can do to promote joint ventures."

The Mitsubishi mission is only the first in a series of such visits to India. There is frank admission here that the stability of the Indian Government can no longer be questioned. With mounting foreign exchange reserves—over five billion dollars at the time of writing—Japan is facing the inevitable problem of prosperity: what to do with so much money. Her investment area, too narrow today

because of her cautious outlook, has to be expanded. A stable government in India is expected to clear the clouds of doubt in the investment atmosphere. Japanese capital is unlikely to go to Calcutta area—and Mr Nakagawa does not hide his opinion about West Bengal—but for States such as Maharashtra, Gujarat, Mysore, and Tamil-Nadu its enthusiasm in time might exceed all bounds.

Here is an example of possible Indo-Japanese co-operation in third country. The Japanese are trying to win the contract for constructing an airport in Mumbai. If they get it, they may associate India with the project and use Indian materials as well as consultancy service. □

STC

Good record despite lower profitability

NEW DELHI.

THE State Trading Corporation has broken new ground by presenting a comprehensive picture of its performance in 1970-71 on the last day of the financial year. Normally companies in the public and private sectors take about six months after the end of a financial year to complete their accounts for that year. Admittedly the figures announced by the STC are provisional and there is bound to be a margin of error this way or that when the final balance sheet is drawn up. Notwithstanding this, the advantage of knowing the working results well in advance lies in the fact that the organisation concerned can take action right at the beginning of a new financial year to remedy the deficiencies noticed in its performance in the previous year. This will contribute to better planning of its activities, better implementation and greater realisation of targets in every succeeding year.

Despite the decline in its profitability in 1970-71—its profit before tax dropped from Rs 10.5 crores to Rs 5.9 crores—the STC gave a good account of itself during the year. It pushed up its total sales from Rs 163.1 crores to Rs 215 crores. Its exports rose from Rs 55.1 crores to Rs 70 crores, but they fell short of the target of Rs 75 crores for 1970-71. Imports also increased from Rs 102.6 crores to Rs 140 crores. Commoditywise the export of agricultural products and textiles recorded an appreciable increase, while general products staged a recovery from the decline it suffered on account of the loss of an important component, human hair trade. Chemical exports fared well and leatherware showed a healthy upward trend, the number of shoes exported in 1970-71 rising from one million pairs to 1.5 million pairs.

The Railway Equipment Division of the Corporation, however, did not come up to expectations. In fact, there was no export of railway equipment in 1970-71, although the corporation secured an order from Yugoslavia during the year for the supply of 3,600 wagons, its largest ever contract. This will figure in the Corporation's balance sheet for 1971-72, as also the wagon exports to Hungary. But because of the absence of wagon exports in the last financial year—the STC had banked on exports of railway equipment worth

Collieries' problems

MR Rasiklal Worah, President, Indian Colliery Owners Association, Dhanbad, says that the prospects of coal mines "seem to be gloomier". The production of coal during 1970 suffered a setback, perhaps for the first time during the recent years. The overall raisings declined by 3 million tonnes and despatches by as much as 6 million tonnes. The pit-head stocks have naturally registered a phenomenal increase of about 3 million tonnes to reach 9 million tonnes at the end of October 1970, compared to the corresponding period of 1969. The main reason for this piling up at pit-heads has been the inadequacy of wagons which was the result of indiscipline among railway employees, the policy of indecision on the part of the railway administration to tackle acts of indiscipline in time and sporadic strikes.

Wagons for coal

Coal Consumers Association of India, Calcutta, says that an unprecedented situation has arisen in the country due to the steady decline in the movement of coal by wagons. This has resulted in the closure of a number of industrial units consuming coal while many other large industrial units have been forced to curtail production. Unless the situation improves immediately, many more units will have to close down. One of the reasons for the present shortage of wagons is the recent slow-down in wagon production. In terms of four-wheelers the production of wagons has come down from 34,542 in 1964-65 to 14,918 in 1969-70. Similarly, there is no inter-railway co-ordination to move priority goods and make the best use of the available wagons. The Association suggests that the present system needs to be examined thoroughly and a new procedure should be evolved for the allotment of wagons for coal movement.

Wages linked to productivity

Mr N. S. Bhat, Chairman, Employers' Federation of Southern India, says that the rising cost of living index is a matter for deep concern. The Madras city consumer price index which stood at 774 in January 1970 shot up to 833 in December 1970. The magnitude of this problem would be appreciated fully when one realises that in a single industrial unit employing 12,000 workers, the additional dearness allowance that has to be paid in 1970 solely because of the rise in the Madras city consumer price index was Rs 30.5 lakhs. It is clear that the abnormally rising prices have helped neither the employers nor the labour. There will be no solution to this problem, says Mr Bhat, unless all wages including dearness allowance are in some form or other linked to productivity.

Madhya Pradesh mills

Mr Kailash Agrawal, Chairman, Madhya Pradesh Textile Mills Association, says that the textile industry in the State is caught in a very difficult situation by the unprecedented rise in

BUSINESS OPINION

cotton prices, poor offtake of cloth, unremunerative prices and stringent credit. The situation has become so difficult that one mill could not even make payment of full wages last month. The recent rise in the margin from 20 per cent to 40 per cent on advances on cloth by banks has aggravated the difficulties of the industry. Unless necessary steps are taken immediately the industry would find it difficult to keep on working.

Biscuit industry

Mr A. C. Khanna, President, Federation of Biscuit Manufacturers of India, Delhi, says that although the industry had no difficulty in obtaining its full requirements of wheat flour and sugar, for long periods in 1970 vanaspati was either not available or available only by paying a high premium. Several price changes were announced by the Government and the average price per kg in Bombay and Calcutta rose from Rs 4.84 to Rs 5.71. Skimmed milk powder was again in short supply owing to the complete ban placed on the import of this raw material by actual users. The average price of skimmed milk powder rose from Rs 4.48 to Rs 8.83 per kg. In almost all other items like butter, condensed milk, liquid glucose, etc there was a sharp increase in prices. The worst problem, however, has been the shortage of packing material such as cellophane. The price of tins also shot up as a result of the shortfall in the supply of steel.

Calcutta customs

Mr S. N. Dalmia, President, Merchants Chamber of Commerce, Calcutta, says that at the Calcutta Customs there is abnormal delay in issuing the show-cause memos, fixing the date and time for the personal hearing and in issuing adjudication orders in cases of alleged contravention of the Customs Act. The movement of files at the Customs House is too slow and often results in inordinate delays unless they are chased at different levels by the importers or their agents. Such chasings are likely to foster and breed undesirable effects which should be avoided. In many cases the importers are asked to paste the country of origin of invoice for the items of imports although copies thereof were already pasted on the relevant bills of entry. Again, in spite of ICT items being duly recorded in the bills of entry the importers are often asked to explain the declaration, the use of the material imported and catalogues etc. Mr Dalmia says these are unnecessary harassment. The division of work between the preventive officers and the examining officers at the dock also results in delays. The works of these two groups of officers should be co-ordinated as to enable them to jointly make the clearance of export goods quickly leaving enough time for loading.

Rs 8 crores during the year—it failed to reach its export target of Rs 75 crores.

The export losses of the Corporation in 1970-71 were about Rs 5.5 crores as against the budgeted estimate of Rs 0.6 crores. This was largely due to the export of jute fabrics at a loss in order to regain the markets lost to Pakistan. The subsidisation of sugar exports also contributed to the losses. On the import side, the entire profit on soyabean oil imports was passed on to the Food and Agriculture Ministry. Besides, the Corporation was directed to maintain the price of tallow, although the world prices of this item had risen considerably. All these resulted in the lowering of its profitability during 1970-71. The STC Chairman, Mr P. L. Tandon, does not envisage any improvement in the Corporation's profitability in the current year. On the other hand, he expects the profits to decline further as the Government is likely to insist on depressing the Corporation's profit margins on imports in order to hold the price line. Consequently the gross trading profit (including commission and other receipts) this year has been estimated at

Rs 13.7 crores as against Rs 16.54 crores in 1970-71.

The STC's performance budget for 1971-72 shows that the total sales will rise further to Rs 270 crores. Exports are expected to go up by 28 per cent to Rs 90 crores and imports by 25 per cent to Rs 175 crores. The Corporation has also tried to look further ahead. It has projections for 1972-73 according to which exports are expected to be around Rs 120 crores and imports Rs 190 crores. The STC is well set to reach the best standards maintained by world trading organisations. It has risen above the weaknesses which most public sector organisations are prone to. □

INDUSTRY

Management by objectives

CALCUTTA.

MR P. R. Kamani, who heads the Kamani group of industries, has described

how the change in the attitudes, values, behaviour and relationship had given birth to a new management philosophy in his organisation. Delivering Dr K. Nath Foundation Lecture at the Indian Institute of Management here recently, Mr Kamani has said that application of group management and behavioural sciences was the key to success in an industrial organisation.

Starting from a humble beginning about three decades ago, the Kamani Group today commands assets worth Rs 30 crores with an annual turnover of Rs 35 crores and large and increasing exports. Their activities range from transmission line towers to industrial jewels and they employ directly 10,000 and indirectly a lakh of persons. In the early stages, loyalty was the criterion for recognition and promotion while accountability and efficiency were only incidental. However, under a liberal labour management policy progressive measures like provident fund, gratuity and bonus were introduced even before they became statutory obligations.

In the mid-fifties many new challenges of the post-war and post-independent period came to be faced in the country. Fulfilment of essential and core projects and saving of foreign exchange underlined the need for diversifying production. This development threw open the doors of management to newcomers and younger men who could also have a say in the conduct of affairs. According to Mr Kamani, this was the first wind of change that was to sweep throughout his organisation in the subsequent years. A swing from autocratic and unilateral practices to group responsibility for policymaking was the result. At the same time the need for associating experts in financial management, administration, law etc was recognised. The first step in this direction was the setting up of a Central Management Committee composed of working Directors and the experts to deliberate on various crucial issues of organisation and management. Consequently considerable amount of expertise was inducted into the affairs which opened the road to ever-increasing knowledge and know-how.

With the development of clear management objectives, Mr Kamani pointed out how guiding principles of human dignity, non-exploitation, freedom of expression, management by agreement, and agreement by persuasion were adopted as the pillars of a new philosophy of business management. This completed the process of change from the narrow proprietary approach to broad and dynamic group working with a built-in system of safety in which, instead of succumbing to pressures leading to series of actions, constant pressure is generated within as not to be overtaken by circumstances.

Summing up, Mr Kamani referred to some important aspects of social experimentation in his organisation such as the human approach to the problem of management and the enormity of challenge in bringing about the needed quality of transformation through the exercise of patience, humility and capability of learning from the failures and disappointments. He said that in order to wear the cap of the agents of social change, we need in equal measures, a challenge of the task, a quiet confidence born out of sense of humility, and the goodwill of those who only stand and wait.

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Economics behind Bangla revolt

By Commerce Research Bureau

EVEN when in the heat of communal frenzy East Bengal threw in its lot with Pakistan in 1947, it was economically a backward area compared to the relatively prosperous western wing of Pakistan. One of the first areas to come under the British rule and to suffer the worst of colonial and zamindari exploitation during the two centuries of British rule, East Bengal was one of the poorest areas of the undivided India. In itself, this constituted a serious fissure in the structure of Pakistan. Had the leaders of Pakistan been honest about their professed concern for the interests of Muslims, they would have taken vigorous measures to reduce the economic disparity between the two wings. This, however, was never done.

From the very beginning, the eastern wing was regarded as a semi-colonial area. The intense attachment of the people of this area to the Bengali language, their failure to be worked up to a high pitch of anger over the Kashmir issue, and above all their very poverty created among the West Pakistanis a sort of contempt for the people of the eastern wing. Even the very small physique of the Bengalis evoked contempt from the so-called martial races of West Pakistan. At the same time, the West Pakistanis have always been enjoying an undisputed control over the state apparatus and economic affairs of Pakistan. No wonder, therefore, that the neglect of the economic interest of East Pakistan and even its exploitation for the benefit of West Pakistan has always been an integral part of the polity of the Pakistani Government, irrespective of whether it was democratic or dictatorial.

This contempt of the Pakistani leaders for the people of Bangla Desh began to be expressed from the very foundation day of Pakistan. The majority of the people of Pakistan—55 per cent—lived in East Pakistan and only the remaining 45 per cent in West Pakistan. Yet, it was not Dacca but Karachi which was then made the capital of Pakistan. The majority of the people of Pakistan spoke the Bengali language. Yet, in utter disregard of their strongly expressed feelings, Urdu was declared as the national language of Pakistan. The same attitude was reflected in the economic policy of the rulers of Pakistan.

The fact of neglect and even a substantial element of exploitation stands out boldly from all the data relating to the development expenditure or plan expenditure in the two wings throughout the last twenty years. Even if one were to apportion the development outlay only in proportion to population, East Pakistan should have been allocated 55 per cent of the total outlays. If, in addition, the policy purpose had been to reduce the economic disparity between the two wings, the share of the eastern wing should have been much more than 55 per cent. Yet, in the pre-Plan years (1950-51 to 1954-55), East Pakistan received only 31 per cent of the total developmental outlay. During the First Five-Year Plan period (1955-56 to 1959-60), its share was a little lower at 30 per cent. By this time, the protest movement in the eastern wing had assumed serious proportions. Under this pressure, in the Second Plan (1960-61 to 1964-65), the share of East Pakistan in the Plan outlay was raised to 45 per cent; but even this was considerably less than the rightful share of the eastern wing. As the protest from the eastern wing grew louder, this proportion was, at least on paper, further raised to 53 per cent when the Third Plan (1965-66 to 1970-71), was drawn up. However, according to an authoritative survey by the Ecafe secretariat, "Public sector development outlay in East Pakistan fell considerably short of the Third Plan target and the shortfall in private investment was even greater."

Turning to the data on fixed investment, the share of East Pakistan was only 34 per cent in 1959-60. The share came down to 32 per cent during the Second Plan period. Even in first period of the Second Plan, the share of East Pakistan was not larger than 31 per cent.

Thus, according to the *Handbook on Government Sponsored Corporations* brought out by the Pakistan Ministry of Finance, there were in all 25 such corporations. Of these, 22 were located in West Pakistan and only three in East Pakistan. Of the total authorised capital of Rs 200 crores of these corporations, the 22 corporations in West Pakistan account for Rs 187 crores, whereas the three corporations in East Pakistan account for Rs 13 crores only. A study of a variety of indicators of investment activity shows that, on an average, the per capita investment in East Pakistan was only about half the level of West Pakistan.

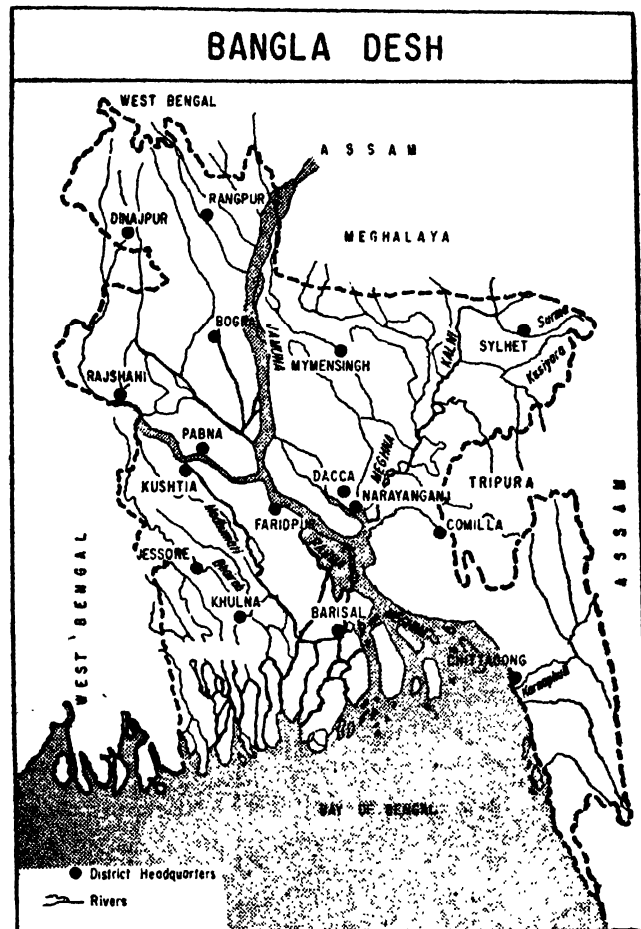
Exploitation

The neglect is, however, not the whole story. There is a positive evidence of clear exploitation of East Pakistan by West Pakistan. Let us begin with the public exchequer. As shown earlier, of the total developmental expenditure of the Pakistani Government only 30 to 40 per cent was

spent in East Pakistan. However, when it came to collecting the tax revenues, year after year, more than 50 per cent of the tax revenues was collected from the relatively poor people of East Pakistan. An important resource of an economy is its foreign exchange earnings. Here, while East Pakistan has consistently earned more than half of the foreign exchange obtained by commodities export, it has all along received less than one-third of commodity imports. More than two-thirds of the imports went to West Pakistan. It has been noted by many independent Western economists that there the two provinces shared quite unequally in the inflow of foreign capital which accelerated so rapidly in the Second Plan period.

In a recent study of the economy of Pakistan, sponsored by the OECD, Prof Stephen R. Lewis notes that East Pakistan financed all of its provincial investment from provincial saving. He also notes the flow of income from East Pakistan to West Pakistan. His overall conclusion is worth quoting in full.

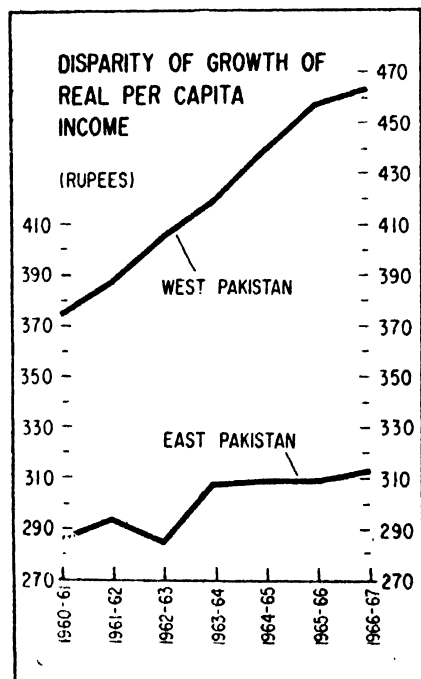
"In other words, the poorer province was quite possibly financing the development of the richer province. If this situation were true also of the 1950s, and the trade figures suggest that the situation



was even worse in that decade, the widening spread between income levels in the two provinces is more easily understood. These artifacts of economic performance appear to show the transfer of real resources from East to West Pakistan." (*Pakistan: Industrialisation and Trade Policies*, London, 1970, p. 147). He further adds: "The policies pursued by the Government of Pakistan in the 1950s appear to have drained resources away from East Pakistan, which was a poorer province to begin with, and widened the gap in production *per capita*. The transfer of resources that occurred in the 1950s was of primary importance in enabling the industrial sector located in Karachi to expand rapidly" (*ibid.*, p. 158). This process of exploitation could not but further impoverish the poor people of the eastern wing.

Trends in income

Expectedly, the results of this process proved disastrous for the East Pakistan economy. On the other hand, West Pakistan prospered at the cost of East Pakistan. According to the data published in 1964 by the Government of Pakistan in *Outline of*



the *Third Five-Year Plan: 1965-70*, during the 14-year period between 1949-50 to 1963-64, the *per capita* real income of East Pakistan rose by 8 per cent. During the same period, the *per capita* income of West Pakistan increased by 11 per cent. Thus, the gap between the two wings widened during this period.

Making use of more up-to-date data in the OECD study mentioned earlier, Prof Lewis concludes: "In looking at the entire 15-year period preceding 1964-65, one can see that there was little if any *per capita* gain in real product in East Pakistan, while in West Pakistan real product *per capita* rose at 1.5 per cent per year" (p. 139). He further notes differences in the price structures of the two provinces and adds that if due adjustment is made for this factor, the disparity in the real

income of the two wings would be greater than indicated by the data quoted earlier. The same conclusion was fully corroborated in a note prepared early this month by three top American experts, namely, Edward S. Mason, Robert Dorfman and Stephen Margolin.

Given the high degree of poverty and exploitation, other unfavourable features of the East Pakistan economy can be well imagined. Some of the key indicators highlighting the inter-wing disparity are presented in the accompanying table. What the figures cannot reveal, however, are many other concomitant features of a semi-colonial life. Thus, for example, just because the people of the eastern wing were ill-fed and ill-educated and above all just because they were Bengalis, they were denied opportunities of economic advancement in business, professional services, civil government services and above all, in the defence services. As is well-known, more than four-fifths of the Pakistani army is recruited from the western wing. Top military posts are always reserved exclusively for the upper-classes of the western wing. Add to all this, the more-than-average quota of unemployment, disease, illiteracy and sheer hunger and we have all the elements of an explosive situation which has recently burst into a full-fledged war of national liberation.

Destruction

All wars and civil wars are by their very nature destructive. But the destruction which is now being wrought in Bangla Desh since March 25 is truly unparalleled. The Pakistani army has launched upon a system campaign not only to kill people on a mass scale but also to destroy economic assets of the country on a wide scale. Residential buildings, educational institutions, factories, mills, radio stations are all being systematically destroyed. Destruction of economic assets on such a scale would prove grievous for any nation. It would be all the more so for the poor Bangla Desh. Since economic backwardness was the main grudge of the eastern wing, the Pakistani army is apparently trying to ensure that the Bangla Desh economy should lie prostrate for decades to come.

Immediate problems

A number of economic problems of immediate importance are developing in Bangla Desh and they are likely to assume serious proportion in the coming months.

(1) Even in normal times, the eastern wing has a deficit in foodgrains which is made up by imports. Since the beginning of the civil war, the Pakistani authorities have been reportedly diverting food ships originally meant for the Bangla Desh. Besides there has been destruction of the food crops in the current conflict. Widespread famine conditions are, therefore, likely to develop in the coming years. According to an estimate by Mr Iain MacDonald, East Bengal Relief Co-ordinator for Christian Aid, OXFAM and War on Want, about 15 lakh people are right now facing starvation in the region. Further, insofar as the current conflict continues to hamper cultivation, the next crop to be harvested in November would be correspondingly small. Thus, food shortage would be the major problem of the region.

(2) Because of mass killings and dead corpses rotting in the open, sanitation is in

a bad state. It is only a matter of time before serious epidemics develop.

(3) The economic inter-change between the cities and the villages has practically broken down. There is a similar breakdown of inter-change of agricultural commodities for industrial commodities. An acute scarcity of all types of goods—and particularly consumer goods—has already begun. It would grow more and more serious in coming weeks.

(4) With the closure of the banking business and the loss of confidence in the currency, there would be a serious shrinkage of monetised transactions. There would be a temporary relapse to a barter economy with all the implied dislocation of the functioning of the economy.

India's task

Even though the current conflict in the Bangla Desh was not asked for by India, India would have to face a number of difficult tasks in this connection. These tasks can be broadly divided under two heads. First, India would have to take up a substantial task of the relief operations. Whatever the legal framework of relief and *modus operandi*, India would have to provide large quantities of foodstuffs, medicines and other necessities of life. This would constitute a serious drain on the limited resources of the country. The task of organising the supply of these commodities would call for considerable advanced planning and organisation. Secondly, there would be the problem of refugees from Bangla Desh trekking across about 1,000 miles of the common land border.

The problem of the re-settlement and probably some repatriation at a later stage is likely to be much larger than we can imagine today. The problem is not only economic but also political. On all these a long view would have to be taken. There would have to be detailed advance planning and even the setting up of at least the nucleus organisation to tackle these and other cognate problems.

All in all, these and other related problems would be far beyond the economic capability of India. And in fairness, it would be wrong to expect that just because India has a peculiar geographical position *vis-a-vis* Bangla Desh it should take up the entire responsibility flowing from a crisis which is not all its making. Judged by any standard both these problems—providing relief to Bangla Desh and taking care of refugees from that region—are international problems. It is undoubtedly the collective responsibility of all the nations of the world.

Future of Bangla economy

Whatever the result of the struggle of Bangla Desh for its freedom, its struggle for economic regeneration is likely to be agonisingly long and difficult. Even if there had been peaceful transfer of power, the people of the Bangla Desh would have been handicapped by several unfortunate features of their economy. The first such feature is the extremely high level of poverty made all the more intractable by a lop-sided and heavily agrarian economy. Large-scale manufacturing accounts for only 8 per cent of the GNP. Even as regards agriculture, it is a mono-crop economy. Rice accounts for about 85 per cent

Indicators of disparity between East and West Pakistan

Item	Year of reference	Unit	East Pakistan	West Pakistan
Area	..	'000 sq. kms.	143	804
Population	1969	Million	61.1	50.7
Population density	1969	Persons per sq. km.	427	63
Languages	..	..	1 (Bengali)	5 (Urdu, Punjabi, Sindhi, Pushtu, Baluchi)
Dominant geographical characteristics	..	..	Wet monsoon land	Arid and partly mountainous
Nutritional density	1961	Per sq. km.	593	469
Roads	1968-69	Sq. kms.	10,318	59,469
Telephones	1965	Nos.	20,000	95,000
Post offices	1965	Nos.	4,700	6,500
Per capita bank deposits	1969	Rs.	45	171
Per capita bank credit	1969	Rs.	49	127
Food : Surplus (+)/Deficit (-)	1969-70	Lakh tons	—17	+ 3
Per capita plan expenditure	1969-70	Rs.	38	53
Per capita fixed investment	1965-66	Rs.	42	114
Major foodgrain crops	..	..	Rice	Wheat
Major commercial crops	..	..	Jute, tea	Cotton, sugarcane
Area irrigated/net sown area	Average for 1957-58 to 1959-60	Per cent	3.1	61.4
Share of employment in large-scale manufacturing	1959-60	Per cent	31	69
Share of agriculture in real GNP	Average for 1960-61 to 1964-65	Per cent	58	44
Share of large-scale manufacturing in real GNP	Average for 1960-61 to 1964-65	Per cent	4	8
Per capita national income	1967	Rs.	313	493

of the cropped area and jute accounts for another 5 per cent. Diversification of the agriculture is thus negligible: besides, the fields are low.

Long-term prospects of the economy of Bangla Desh would in part also be affected by the fact that the natural resources-base of the region appears to be inadequate to support an ambitious programme of industrialisation. Looked at from this point of view, the most important raw material of Bangla Desh is raw jute. But as is well-known, the world market conditions would not permit any large-scale expansion of jute industry in Bangla Desh. The next important natural resource is forest. The available forest resources would permit moderate development of paper and wood product industry.

Finally, we may mention the Sylhet gas and the hydro-potential around Chittagong. But these are very limited. There are no other sources of power; in particular, there is no commercially exploitable good quality coal. There are no known reserves of metalliferous ores; there is not even sufficient quantity of stone and lime-stone for building and cement industry. Even salt is at present imported from the far away West Pakistan. There is a vast coastline. Because of innumerable estuaries and islands, it is impossible to measure how long the coastline of Bangla Desh is. But much of the coastline is marshy and saline—good for no purpose. Reclamation of these marshy lands would need resources on a fantastic scale.

The Bangla Desh would, therefore, have to fall back upon agriculture, at least in the early stage. The soil is excellent. This is the greatest asset of Bangla Desh. In absolute terms, rainfall is more than adequate—about 80 inches on an average. But this rainfall is badly distributed. Hence, we have the tragic spectacle of devastating floods in monsoon and scarcity

of water for agriculture within a few months thereafter. This cycle is made all the more tragic by frequent visitations of cyclone from the Bay of Bengal.

Braving all these, the Bangla Desh would have to consolidate its agriculture first and then develop the resources and the market for industries, many of which would have to depend on imports so far as non-agricultural raw materials are concerned. Needless to add the cropping pattern of Bangla Desh would have to change. The market for raw jute is likely to shrink within about two decades if not one. This would rob the Bangla Desh farmer of his only cash crop and his country of most of its foreign exchange earnings. Measures would, therefore, have to be taken to bring about a gradual, planned shift to other suitable cash crops for which there is adequate demand in the world market. All this is easy to suggest but difficult to do. Yet, it would have to be done sooner or later.

Economic relations with India

Only a couple of decades ago, the economy of Bangla Desh was an integral part of the economy of India and that of the undivided Bengal in particular. Thus, the jute producing farmers of East Bengal and

jute mills of Calcutta supported each other mutually. When, following partition, both these were cut off from each other, life was hard for both of them. What was true of jute was also true of the entire economy of undivided Bengal.

During the last two decades, under administrative pressures, an artificial integration was established between Bangla Desh and the western wing of Pakistan. However, artificial and exploitative this interwing trade may have been, it formed the basis of the functioning of the economy of the eastern wing. With the disruption of the ties with West Pakistan, new trade links would have to be forged as quickly as possible. Bangla Desh exported goods worth about Rs 100 crores to the western wing—mainly tea, jute goods, paper and board and matches. It imported goods worth about Rs 150 crores a year from the western wing—mainly, cotton fabrics and yarn, raw cotton, foodgrains, oilseeds, tobacco, cement, machinery, drugs and medicines. Obviously, India would have to fill this vacuum in the external trade of Bangla Desh. Establishment of new trade links with India would be of great benefit to Bangla Desh because that would help cut the unnecessary heavy freight cost of transporting goods over the long sea route between the two wings of Pakistan.

Finally, we may note some important facets relating to world trade in jute manufactures. Production of raw jute in Bangla Desh is likely to be adversely affected in the next season. In fact, the problem is immediate because following the outbreak of the civil war, jute supplies from East Pakistan to the world market have been abruptly and completely stopped. The prices for raw jute as well as manufactures are shooting up. Of course, for the time being this means larger exports for India and better profits for jute farmers and jute mills. But it would be only short-sighted to overlook the disturbing long-term implications of the present shortage of jute. As is well-known, slowly but steadily, a process of substitution of raw jute by synthetic packaging materials has been going on for the last two decades or more. This has cast a dark shadow over the future of the entire jute industry as well as over the jute farmers. The larger the increase in prices of raw jute and jute manufactures in the coming months, the faster would be this process of substitution. In view of these serious implications of the present shortage of jute all interested parties from India and Bangla Desh would have to get together to formulate a well-thought-out strategy vis-a-vis the present supply-demand position of jute. □

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STATISTICS

BANGLA DESH ECONOMY

Table 1 : Index numbers of real product at 1959-60 prices (1949-50=100)

	National income		Per capita income	
	East Pakistan	West Pakistan	East Pakistan	West Pakistan
1949-50 ..	100.0	100.0	100.0	100.0
1959-60 ..	121.6	132.5	99.2	103.1
1963-64 ..	147.3	159.2	108.3	111.3
Growth rate (per cent) between 1949-50 and 1963-64 :				
Total ..	47.3	59.2	8.3	11.3
Per annum ..	2.8	3.4	0.6	0.8

SOURCE : Derived from the Government of Pakistan, *Outline of the Third Five-Year Plan*, (1965-70), August, 1964, p. 11.

Table 2 : Saving and investment rates—1960-61 to 1964-65

Year	Investment/Gross regional product	Saving/gross regional product	Percent of investment financed by own saving
1960-61			
East Pakistan ..	7.8	6.4	81.8
West Pakistan ..	17.0	10.5	61.7
1961-62			
East Pakistan ..	10.6	10.0	94.0
West Pakistan ..	19.5	12.6	64.8
1962-63			
East Pakistan ..	9.4	7.5	80.0
West Pakistan ..	21.1	14.1	64.1
1963-64			
East Pakistan ..	12.0	8.4	72.1
West Pakistan ..	21.1	12.2	57.8
1964-65			
East Pakistan ..	12.7	9.4	74.2
West Pakistan ..	21.5	11.5	53.7

SOURCE : Organisation for Economic Co-operation and Development, Stephen R. Lewis, Jr., *Pakistan : Industrialisation and Trade Policies*, p. 146.

Table 3 : Estimates of fixed investment—1959-60 to 1965-66

Period	East Pakistan		West Pakistan		Total	
	Rs. million	Per cent	Rs. million	Per cent	Rs. million	Per cent
1959-60 ..	1,023.7	33.7	2,014.2	66.3	3,037.9	100.0
1960-61 to 1964-65 (Second Plan annual average) ..	2,038.1	32.2	4,296.9	67.8	6,334.0	100.0
1965-66 ..	2,381.6	30.9	5,319.7	69.1	7,722.3	100.0

SOURCE : Organisation for Economic Co-operation and Development, Stephen R. Lewis, Jr., *Pakistan : Industrialisation and Trade Policies*, p. 146.

Table 4 : Share in Central taxes

	East Pakistan		West Pakistan		Total	
	Rs. million	Per cent	Rs. million	Per cent	Rs. million	Per cent
1965-66 ..	53.87	53.13	107.00	100.0	160.87	100.0
1966-67 ..	61.50	60.71	122.41	100.0	183.91	100.0
1967-68 ..	57.29	54.56	111.85	100.0	169.14	100.0
1968-69 (R.E.) ..	57.17	56.75	113.92	100.0	171.09	100.0
1969-70 (R.E.) ..	62.05	61.68	123.73	100.0	185.78	100.0

SOURCE : Government of Pakistan, Ministry of Finance, *Pakistan Economic Survey*, 1969-70, p. 163.

Table 5 : Public sector development expenditure—1950-51 to 1970-71 (Annual Average)

Period	East Pakistan		West Pakistan	
	Rs. million	Per cent	Rs. million	Per cent
Pre-Plan (1950-51 to 1954-55) ..	188	31.3	413	68.7
First Plan (1955-56 to 1959-60) ..	394	29.8	926	70.2
Second Plan (1960-61 to 1964-65) ..	1,251	44.8	1,539	55.2
Third Plan (Provisionary estimates) 1965-66 to 1969-70 ..	2,313	52.9	2,059	47.1
Fourth Plan (Target) 1970-71 to 1974-75 ..	5,880	60.0	3,920	40.0

Note : Pre-Plan and First Plan figures relate to public sector investment only.

SOURCES : (i) Figures upto Second Plan from Organisation for Economic Co-operation and Development, Stephen R. Lewis, Jr., *Pakistan : Industrialisation and Trade Policies*, p. 157.

(ii) Figures for the Third Plan and Fourth Plan from Government of Pakistan, Ministry of Finance, *Pakistan Economic Survey*, 1969-70, p. 178.

Table 6 : Plan provision for 'priority list of industries'—July 1968-June 1970

Particulars	East Pakistan	West Pakistan	Total
(i) Large/Medium industries sector			
Now capacity and expansion ..	239.41	225.41	464.82
Balancing, modernisation/replacement ..	20.18	45.38	65.56
Sub-total ..	259.59	270.79	530.38
(ii) Small industries sector			
Now capacity and expansion ..	13.48	9.65	23.03
Balancing, modernisation/replacement ..	2.68	1.88	4.56
Sub-total ..	16.16	11.53	27.69
Total ..	275.75	282.32	558.07

SOURCE : Government of Pakistan, Ministry of Finance, *Pakistan Economic Survey*, 1969-70, p. 30.

Table 7 : Cropping pattern in terms of area under cultivation—1959-60

Crop	East Pakistan		West Pakistan	
	'000 hectares	Per cent	'000 hectares	Per cent
Rice ..	8,641	81.6	1,231	8.7
Jute ..	556	5.4	..	..
Sugarcane ..	113	1.1	395	2.8
Wheat ..	59	0.6	4,883	34.4
Berley ..	27	0.3	221	1.6
Cotton ..	21	0.2	1,334	9.4
Mauze ..	21	0.2	485	3.4
Others ..	777	7.6	5,044	39.7
Total ..	10,215	100.0	14,193	100.0

SOURCE : O. H. K. Spate and A. T. A. Leamonth, *India and Pakistan : A General and Regional Geography*, p. 383.

Table 8 : Industrial import licences issued by region of licensee (Per cent of total industrial licences)

	Karachi	Other West Pakistan	East Pakistan
1956-57			
Jan.-June ..	40.6	30.5	28.9
1957-58			
July-Dec. ..	37.4	25.5	37.1
Jan.-June ..	39.6	33.8	26.6
1958-59			
July-Dec. ..	42.8	31.8	25.4
Jan.-June ..	46.9	30.5	22.6
1959-60			
July-Dec. ..	38.0	22.5	39.6
Jan.-June ..	36.3	32.1	31.6
1960-61			
July-Dec. ..	43.3	30.3	26.4
Jan.-June ..	37.5	24.4	38.2
1961-62			
July-Dec. ..	36.4	27.0	36.7
Jan.-June ..	36.5	32.6	30.9
1962-63			
July-Dec. ..	46.6	27.4	26.0
Jan.-June ..	45.0	30.3	24.7
1963-64			
July-Dec. ..	37.0	36.5	26.5
Jan.-June ..	37.7	29.4	32.9

SOURCE : Organisation for Economic Co-operation and Development, Stephen R. Lewis, Jr., *Pakistan : Industrialisation and Trade Policies*, p. 155.

Table 9 : Share in commodity imports and exports

	(Per cent)		
	Pre-plan (1950-51 to 1951-55)	First Plan (1955-56 to 1959-60)	Second Plan (1960-61 to 1964-65)
Imports from the rest of the world			
East Pakistan ..	29.4	29.1	30.5
West Pakistan ..	70.6	70.9	69.5
All Pakistan ..	100.0	100.0	100.0
Exports to the rest of the world			
East Pakistan ..	50.3	61.4	59.5
West Pakistan ..	49.7	38.6	40.5
All Pakistan ..	100.0	100.0	100.0

SOURCE : Organisation for Economic Co-operation and Development, Stephen R. Lewis, Jr., *Pakistan : Industrialisation and Trade Policies*, p. 142.

Table 10 : Inter-zonal trade

Year (July-June)	(Rs. crores)		
	Exports from East to West Pakistan	Exports from West to East Pakistan	Total trade
1964-65 ..	53.71	87.45	141.16
1965-66 ..	65.18	120.86	186.04
1966-67 ..	73.69	132.48	206.17
1967-68 ..	78.40	123.32	201.72
1968-69 ..	87.12	138.54	225.66
1969-70 (July-Dec.) ..	51.55	86.93	138.48

SOURCE : Government of Pakistan, Ministry of Finance, *Pakistan Economic Survey*, 1969-70, p. 123.

The sugar industry: A survey

Need for a long-term policy

by S. K. SOMAIYA

THE sugar industry is the second largest industry in the country next in importance only to the cotton textiles industry. With its economy is closely linked the welfare of millions of cane growers particularly in the States of UP and Bihar, where sugarcane is the only cash crop. The industry provides employment to more than two lakh skilled and unskilled workers. Its contribution to the Central and State exchequers is of singular dimensions. In spite of all these, the industry's growth and development have suffered for lack of a stable and long-term Government sugar policy. This had also resulted in wide variations in production from time to time and in creating unstable conditions in the industry. No doubt, in an agro-based industry such as sugar, whose main raw material is sugarcane—a highly perishable commodity—some variation in output depending on climatic and other factors can hardly be avoided. But in the absence of a long-term sugar policy such variations had been aggravated. The efficacy of a policy, however well conceived, can only be judged over a period. Abrupt and frequent changes in the sugar policy guided by short-term considerations was not in larger interests and had undermined the long-term objectives.

Viewed against this background, continuance of the policy of partial decontrol for the current season 1970-71 is a welcome step in the right direction. The policy of partial decontrol was first initiated in the season 1967-68 and has since been continued with slight modifications in the levy and free proportions. While in the 1967-68 season the proportion of levy and free sugar was 60:40, in the 1968-69 and 1969-70 seasons it was changed to 70:30. Again for the current season, 1970-71 levy and free proportion has been changed to 60:40. These minor modifications apart, basically the policy of partial decontrol remains the same and it has been now continued consecutively for the past four seasons. Hence, this will provide the much-needed continuity and stability in the Govern-

ment's policy. However, the policy should have been re-enforced in the light of the experience gained about its working in the preceding seasons.

It is common knowledge that the sugar industry has established an all-time record in production during the last season 1969-70 at 42.6 lakh tonnes. This has resulted in huge carry-over of nearly 21 lakh tonnes with the industry at the end of the last season. Further, production this year is also expected at about 38 lakh tonnes. Thus the total sugar availability in 1970-71 would be of the order of 59 lakh

tonnes. No doubt, during the first five months the offtake of sugar during the current season has been better as compared to the last season. Thus the total offtake during the season 1970-71 is estimated at about 37 lakh tonnes as against 32.64 lakh tonnes. The total offtake is expected to be about 40.5 lakh tonnes, leaving closing stock of about 18.5 lakh tonnes at the end of the season. The sugar market, however, continues to remain depressed. The lifting of levy sugar by Government nominees, particularly in high-stock zones, also continues to remain sluggish.

Continuance of such a situation is hardly desirable and there is urgent need for restoring steady conditions in the sugar market. This could be done by the Government implementing its scheme for building up buffer stocks of sugar as re-

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peatedly urged by the industry and also assured by the Government from time to time, for which there cannot be a better opportunity. Besides this, the Government should also do away with the differential rates of excise duty on free and levy sugar. It is well known that the higher rate of 37.5 per cent *ad valorem* excise duty was levied on free sugar on the ground that such sugar was selling at much higher rates. This position no longer holds good, and for a considerable time now free market prices have registered a sharp decline and the actual realisations of the mills in most of the regions are, therefore, even lower than their levy prices. In these circumstances, there is hardly any justification for continuing with the differential rates of excise duty, specially when the Government can duly derive their budgeted revenue even with a uniform rate of 25 per cent duty on the entire sugar, in view of the increased offtake from the mills. Now that the next budget is in the offing, it is hoped that the Government would give due consideration to this matter and excise duty will be

levied on the entire sugar—levy and free—at the uniform rate of 25 per cent.

Another disquieting development which is causing particular concern to the sugar industry is the action of the Government of India in not revising the provisional levy prices notified for the 1969-70 season and continuance of the same prices for 1970-71. It has been the accepted policy of the Government to announce the provisional levy prices for sugar on the basis of the estimated duration of the season and the recovery percentage and other costs at the beginning of every season and announce the final prices after the close of the season on the basis of the actual working results of factories. Curiously enough, this year the Government has followed a different policy. Not only has it not announced the final levy prices for the 1969-70 season knowing fully well the various increases in costs that had taken place since the announcement of the provisional levy prices for the season, it has also continued with the same uneconomic levy prices for the season 1970-71. Inadequate availability of bank credit to the

industry has further aggravated the financial hardship of sugar factories.

While the Reserve Bank of India is generally appreciative of the need for additional credit by the sugar industry this season to finance comparatively larger stocks and is reported to have issued directives for allowing the same proportionate expansion in credit as in the preceding season 1969-70, in actual practice even this is not being sanctioned by the branches of the various commercial banks due to procedural delays. During the last season 1969-70, too, due to such procedural delays the industry was put to severe financial strain. In the context of the existing system of cane payments within a fortnight from the date of purchase of cane, prevalent in India, while the stocks of sugar have to be carried by the mills for much longer periods—anywhere between 12 to 16 months—it has to be appreciated that sanction of adequate credit to the sugar industry is a must to enable it to maintain regular cane payments.

Another important sphere of Government policy for the sugar industry is about licensing of capacity. It is common knowledge that production of sugar is mainly conditioned by adequate availability of good quality of cane to the factories. During seasons of abundant cane supplies, even with relatively lower capacity much higher output has been achieved while there have also been lean years when even the capacity established could not be fully utilised. This being the position, it should be appreciated that in an agro-based industry like sugar, greater emphasis has to be laid on the adequate availability of its main raw material, sugarcane, which is a perishable commodity, to achieve the desired output.

It is, however, unfortunate that this aspect of the matter does not seem to have received adequate attention of the Government. On the other hand, it has continued to license additional capacity in the industry. The Fourth Plan target which was originally fixed at 45 lakh tonnes has been subsequently revised to 49.65 lakh tonnes just to accommodate the demand of a few State Governments for additional capacity, and most of the capacity has already been licensed. Judged by the trend of increase in consumption, and also taking into account our exports which are limited under our quota of 3.5 lakh tonnes, the targeted capacity of 49.65 lakh tonnes appears to be excessive. While this is the position, the Government has also relaxed the licensing provisions under which no licence is required for investment up to Rs 1 crore. It is not unlikely that, taking advantage of this, more capacity may come into being. Undeniably, this will even vitiate the targeted capacity, which is not desirable. It is, therefore, felt that the sugar industry should also be categorised among the few such industries that have been kept outside the purview of the above exemption.

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Crucial year for sugar exports

M. L. APTE

THE year 1971 is very crucial for sugar exports. The entire edifice of the international trade in sugar, both free and preferential, is likely to undergo some changes. The International Sugar Agreement, which has been in operation since 1969, will be reviewed by the end of this year. Similarly, the US Sugar Act 1948 which provides for allotment of quota to

Mr Apte is Chairman of the Bombay Regional Committee of the Indian Sugar Industry Export Corporation Ltd

various countries is due for revision this year. The quota arrangement under the Commonwealth Sugar Agreement is to run till 1974. However, with UK's move for joining the European Economic Community, the question how and in what way the interest of the Commonwealth sugar producers can be safeguarded has assumed immediate importance.

The developments during the year will have profound impact on the national sugar policies of leading exporting and importing countries. Being associated with all the above arrangements, India too will be affected.

Our exports have to be limited to quotas fixed under the International Sugar Agreement, Commonwealth Sugar Agreement and the US Sugar Act 1948. Presently quotas available to India for exports are as indicated in Table 1.

The effective quota for 1971 under the International Sugar Agreement has for the present been established at 110 per cent of the basic quotas, which in the

case of India comes to 2,75,000 tonnes raw value. Another 5,798 tonnes raw value has been allocated out of shortfalls. In terms of Indian sugar the total ISA

Table 1: Quotas available for India for exports

	Tonnes
Basic quota under International Sugar Agreement	2,50,000*
Negotiated price quota	25,400
US quota	70,75,000†
	3,45,400†
	3,50,400

* Subject to variation either way depending on the level of world prices.

† Quantum is subject to variation depending on the consumption requirement in USA.

quota comes to about 2.62 lakh tonnes. The US quota has been fixed at 77,986 short tonnes raw value, which in terms of our sugar will be about 68,266 tonnes.

The Commonwealth NPQ quota for India stands at 25,400 tonnes. Taking into account that there may be further allotment by way of shortfalls in ISA quotas and increase in the US quotas during the course of the year, the total export quantum in 1971 is expected to be between 3.75 lakh tonnes to four lakh tonnes.

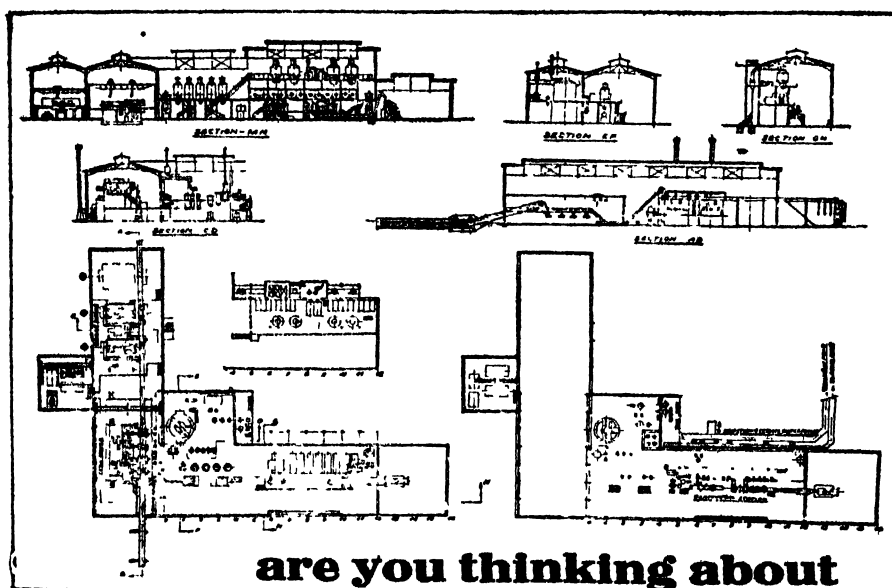
Compared to other major exporting countries, India's sugar exports account for a small percentage of her production. While exports of other major exporting countries in 1969 ranged between 25 to 88 per cent of their production, India exported only 1.36 per cent of her production. In 1970, when the entire quota was availed of, the exports accounted for about 8 per cent of production. In 1963, when a maximum of about five lakh tonnes was exported, the export as percentage of production was about 20.55. The production target for sugar in the Fourth Five-Year Plan has been set at 47 lakh tonnes with provision for an export quantum of five lakh tonnes. To achieve this export target, there would have to be an increase of over 15 lakh tonnes in our basic export entitlements. India must therefore make a determined bid for substantial increase in ISA and preferential quotas at the time of impending reviews.

In spite of year-to-year fluctuations there has been a spectacular growth in sugar production in India. From about 30 lakh tonnes in 1960-61 the production has increased to 42.6 lakh tonnes in 1969-70. Thus, India has been presently placed in a very happy position inasmuch as, at a time when various trade arrangements are due for revision, and when world supply/demand position is gradually tightening up, she has enough exportable surplus. The two successive good crops have vastly changed the sugar supply position as reflected in Table 2.

Table 2: Sugar situation in 1969-70

	(Lakh tonnes)	
Carry over stock from 1968-69	13.00	55.6
Production	42.60	
Total supplies	55.60	84.1
Internal consumption	32.6	
Supplies for export	2.1	
Total offtake	34.7	
Balance on October 1, 1970	20.9	

Production during the current year 1970-71 is estimated at about 40 lakh tonnes. The total availability during the year will thus be about 50.6 lakh tonnes for



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about 5.5 lakh tonnes more than the previous year. This underlines the need to look for additional outlets by way of more exports and larger consumption. It is also the time to give concrete shape to the scheme of creating buffer stocks to take care of fluctuations in production in the years to come and to maintain continuity in the level of our exports.

The International Sugar Agreement has run remarkably smoothly since its reinforcement in 1969 after a lapse of about seven years. It has succeeded fairly well in its main object of stabilising the world prices at stipulated levels, Table 3, showing the average of the London daily price and the spot of Contract No 8 of the New York Coffee and Sugar Exchange and also the high and low points recorded during the last six years, reflects the position of prices since the Agreement was reinforced in 1969 as compared to the earlier years.

In the circumstances the tendency naturally will be to resist any change in the pattern of basic quotas for the coming years. However, with the tightening statistical position of supply and demand and the continuous rise in the world sugar consumption by about 3.5 per cent per annum some marginal increase in the basic quotas cannot be ruled out. In 1970-71 a shortfall of about 1.5 million tons is estimated in the world sugar output, which is placed at 71.5 million tons as compared to 72.0 million tons in the previous season. The consumption during the corresponding period is expected to exceed production by about three million tons. If this trend continues, production will have to increase by about 5.5 million

Table 3: Average London and New York prices

Year	LDP (CIF pound sterling per long ton)			Spot No 8 (FOB US cents per lb)		
	Average	High	Low	Average	High	Low
1970	40.39	45.00	30.00	3.75	4.33	2.85
1969	33.83	39.25	27.50	3.37	4.08	2.70
1968	21.83	31.00	16.00	1.98	2.95	1.37
1967	19.36	32.00	12.25	1.99	3.10	1.23
1966	17.87	24.25	13.25	1.86	2.60	1.34
1965	21.50	26.75	17.75	2.12	2.91	1.60

tons in 1971-72 if consumption requirements are to be met without further erosion in stocks. This statistical position is most likely to be taken note of while reviewing the Agreement and there is a possibility of upward revision in the overall basic quotas.

Ever since Cuba ceased to be a supplier to the US market in 1961, quotas have been granted to a large number of countries. Presently as many as 31 countries supply sugar to the USA. Of the total annual import of about four million tonnes, 3.5 million tonnes or about 87.5 per cent is supplied by the countries in the Western Hemisphere and the Republic of Philippines and only about a half million tons or 12.5 per cent by rest of the countries including India.

The US Sugar Act 1948 was last amended in 1965 incorporating the basis on which the proration of quotas between

the domestic beet and cane sugar producers and various foreign countries would be made during the years 1966 to 1971. In order to ensure continuity in supplies from 1972 onwards a new legislation is already under consideration of the US Administration.

As the realisations from supplies to the USA are comparatively higher than realisations from other destinations, not only the individual quotas will be fiercely defended, most likely there would be some new contenders for quotas also. Besides, the powerful US beet and cane sugar interests will, as in the past, press for a larger share.

It is difficult to predict at this stage the chances of India getting a higher allocation. However, ever since 1961, when India entered the US market for the first time, she has complied with her quota obligations fully. Besides, with her spec-

caught reading the matrimonial column!



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tacular success in sugar production, she is now in a much better position to ensure continuity in supply, which is among one of the main objectives of US sugar policy. A high-power delegation is proceeding to USA to advance India's case for a larger allocation and it is only to be hoped that our efforts will meet with success.

Under the Commonwealth Sugar Agreement the UK is committed to buying till 1974 from the exporting members about 1.4 million tonnes at a reasonably remunerative price. Of this India's quota is 25,400 tonnes. This price is reviewed triennially on the basis of cost data supplied by the exporting countries. The developing countries including India are also allowed a two-tier preference consisting of a fixed element of £110.0 per long ton and a variable element up to a maximum of £210.0 per long ton related inversely to the world price. The present basic price is £43 per long ton f.o.b. and stowed. The triennial review of this price is due at the end of this year and the price as may be determined will remain in force for the next three years.

Previously every year the Agreement used to be extended by a further one year so as to remain in operation for the next eight years. However, in 1965 the duration of the Agreement was limited to 1974 with a stipulation that, should the UK become successful in joining the EEC, she will be under no obligation to consider extension of the Agreement beyond 1974,

though she would try to protect the interests of the Commonwealth sugar producers.

Negotiations are under progress for the UK's entry into the European Economic Community. The UK Government's first statement to the EEC listing the problems to be tackled includes the Commonwealth Sugar Agreement. No mutually satisfactory solution has so far emerged. Meanwhile the EEC members have decided among themselves to allow the Commonwealth Sugar Agreement to run its full course, which means till 1974 the Commonwealth sugar exporters will continue to enjoy the preferential tariff in respect of their sugar exports to the UK. Beyond 1974 the EEC has kept its options open.

However, the Commonwealth countries in Africa have been offered three alternatives: (1) association under the Yaounde convention, (2) agreement of the Urusha type, and (3) simple trading agreements. Even this gesture has not been shown to other members of the Agreement such as India, Australia, Fiji, etc. The whole issue is in a state of flux.

Presently the EEC has a surplus of home-produced beet sugar and has imposed restrictive levy on cane sugar imported from the associated countries. With the admission of the four new applicant countries, namely, the UK, Ireland, Norway and Denmark, who import almost half of

their sugar requirements, the enlarged Community will fall short of sugar supplies. Such a situation is likely to lead to some mutually advantageous arrangement between the EEC and the Commonwealth sugar producers. India should try to enlarge her quota to the maximum extent possible.

While the long-term objective should be to get larger basic quota allocations, India must immediately try for some allocation from the Hardship Quota available under the International Sugar Agreement. The Dominican Republic and Thailand have already got 17,000 tonnes and 10,000 tonnes respectively from this quota. Further, in special cases of hardship, under Article 56 of the International Sugar Agreement, the exporting members are allowed to exceed their export entitlements. The Dominican Republic and Thailand have already been allowed to exceed their entitlements by 60,000 tonnes and 35,000 tonnes respectively. There is no reason why India should not take advantage of this provision when the country faces the problem of almost unmanageable sugar surplus.

A large tonnage of sugar is imported by various countries for non-human consumption such as animal feed. Exports for non-human consumption is outside the purview of the International Sugar Agreement. India should also explore the possibility of exporting sugar for non-human consumption.

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Co-op sugar factories in Maharashtra

D. S. WAGH

EMERGENCE of strong dynamic sector of co-operative sugar factories in Maharashtra during the last decade or so is probably the most remarkable development in the field of agricultural processing in our country. About 70 per cent of our population is dependent upon agriculture for its livelihood. But the agriculture is inhibited by many factors such as dependence upon nature, uneconomic size of holding, lack of adequate and timely inputs, social barriers etc. The conditions of the farmers with assured supply of water might be expected to be much secured but it is not so. The farmers of land with assured water supply put in matching efforts in terms of proper land preparation, use of quality seed, fertilisers, insecticides and pesticides etc. This requires borrowings on large scale. But the cane production of the soil does not fetch just price in the Gur market which fluctuates violently due

Mr Wagh is Chairman of the Maharashtra Rajya Sahakari Sakhar Karkhana Sangh Ltd, Bombay.

to forces of supply and demand and the situation is further aggravated by the unholy nexus of money lender-trader-urban interests. The exploitation by the latter drains away surplus of the secured area and development cannot proceed beyond a point.

How sugar co-operatives came into existence? The condition of the cane growers in irrigated areas in Nagar, Poona and other districts was pitiable. It was not uncommon in years of abundance, for the large number of cane growers to go abegging from factory to factory pleading with the owners to accept their cane and selling it at whatever fancy price the owners desired. The farmers failed to get even the bare cost of cultivation for their produce and found themselves impoverished overnight. This situation led influential Co-operators and social workers headed by Dr D. R. Gadgil and Mr V. E. Vikhe-Patil in December 1945 to conceive of the idea of starting a sugar factory on co-operative lines in Shrirampur taluka in Ahmednagar District. In this way the first co-operative sugar factory was erected and commissioned in 1950, after overcoming enormous initial difficulties some of which were almost insurmountable.

With this modest beginning in 1950, the co-operative sector in the sugar industry has grown rapidly and has today emerged as a formidable force with as many as 30 co-operative sugar factories in production and as many as 18 newly licensed factories being rapidly erected and likely to be commissioned in the next two or three years. Besides about 20 to 25 co-operative sugar factories with capital investment of not more than 1 crore of

rupees each are coming up in this State. This State might secure leading position in sugar production in our country. The success of the co-operatives can be judged from the fact that during the year 1969-70; the production of sugar from these co-operatives was as much as 7.45 lac tonnes out of the total sugar production of 10.42 lac tonnes of Maharashtra State. In terms of the total all-India production in 1969-70, the share of the Maharashtra sugar co-operatives was as much as 17.5 per cent.

What is particularly striking is the fact that out of 13 joint stock sugar factories in this State, as many as 3 have recently been brought into the co-operative fold and it is expected that some more units would follow suit soon.

Sugar Experts of our country are agreed that in order to achieve maximum success for the Industry, it is essential that the sugarcane should be crushed as early as possible after it is harvested. The grower of sugarcane should be completely loyal to the factory and should ensure that all the cane grown by him is supplied to the sugar factory and is not diverted for production of alternative sweetening agents viz, jaggery and kandsari. By its very structure and nature, the sugar co-operative has ensured that both these essential aspects are given maximum attention. The Tariff Commission found that in the worst year of short production of sugarcane in the decade viz, 1966-67, the factories in Maharashtra utilised as much as 96 per cent of their plant capacities as compared to less than 60 per cent in other sugar producing States of our country.

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The distinguishing feature of the sugar co-operatives in Maharashtra is the fact that there is perfect economic democracy in the running of the concern. Each member-cultivator is entitled to only one vote irrespective of the quantity of cane he grows or the number of shares he holds in the sugar co-operative. Secondly, since every member-cultivator is assured of a uniform price for his cane irrespective of the distance of his field from the factory, there is no discrimination of any kind among the members. Thirdly, the sugar co-operatives generally lay lesser stress on making profits and maximising dividends, and instead pay the maximum possible price for sugarcane irrespective of the minimum price fixed for cane by the Union Government.

Thanks to the excellent rural leadership in charge of the sugar co-operatives it has been possible for each of them to not only bring prosperity to the member-cultivators but also implement in a large measure the social objectives laid down in their bye-laws by construction of roads, hospitals, schools, colleges, etc. The sugar co-operatives have become catalytic agents to trigger off a chain reaction of growth not only in the industrial but also in the economic and social spheres of the rural areas concerned.

A remarkable feature noticed in recent times in co-operative sector is that within a period of four or five years of the commissioning of each factory, the institution through the medium of a well conceived and inbuilt mechanism starts accumulating deposits and funds not only from its profits but also by regular collections from individual cultivator-members. These are utilised for repayment of instalments of long-term loan capital and for starting ancillary industries. In several cases these amounts have also been utilised for large-scale irrigation projects implemented on a co-operative basis, with a view to extending the irrigation facilities to the dry areas. Resources have been utilised for sponsoring diverse agro-industrial ventures such as poultry and dairy farming, hard board, tractor and truck co-operative societies, solvent extraction plants, etc.

It has been possible for the small agriculturist who has prospered through the medium of the sugar co-operative to contribute his mite to raise the standard of living of his less fortunate brethren living in the areas of operation of the sugar co-operative which normally extends over a radius of 15 to 20 miles from the site of the factory. A welcome development in this context is the sincere realisation of co-operative ideals by these co-operatives which have come to the aid of victims of natural calamities and have also helped to finance the starting of newly licensed sugar co-operatives in various backward areas of the State. Thus, during the last two years alone, the co-operatives have committed payment of as much as Rs 83.95 lacs to the Koyna Relief Fund to aid victims of a severe earthquake and Rs 240.68 lacs to the Apex Co-operative Bank, in the form of contribution to the "Rural Debenture Scheme" from which it is proposed to finance the newly licensed sugar co-operatives in the State.

The success story of the Maharashtra sugar co-operatives has generated enthusiasm in other States which send study teams to Maharashtra. The origin of the agitation for co-operativising all sugar

factories in several northern Indian States, now raging in the country may be traced partly at least to the excellent success achieved by the Maharashtra Sugar Co-operatives!

The sugar co-operatives of Maharashtra are assisted in solving their major problems relating to the running of the Industry as well as relating to cultivation of the sugarcane and a host of other problems faced by them from time to time by the Federation of Sugar Co-operatives of Maharashtra.

The sugar co-operatives have earned immense foreign exchange for the country through export of sugar. The sugar exported from India is wholly from factories in Maharashtra State, since the last several years. During the sugar year 1970 (January to December 1970), the Maharashtra sugar co-operatives have exported a total quantity of 2.35 lakh tonnes out of the total sugar exports from the country of 3.18 lac tonnes, which works out to about 75 per cent of the total sugar exported by our country.

The sugar co-operatives in the State are laying emphasis on improving sugar and sugarcane production and technique. Vigorous efforts are also continuously being made to try out the newer varieties

of cane evolved by the Sugarcane Research Institute at Coimbatore.

The sugar recoveries achieved by sugar co-operatives in Maharashtra have always been the highest in our country during the last decade. Almost every sugar co-operative in Maharashtra has within two or six years after its being commissioned gone in for expanding its capacity to cater to the increased cane availability created through its own efforts. In fact one of these units in Sangli district has been recently given a licence for expanding its capacity to 5,000 tonnes of cane per day and bid fair to become the largest sugar factory in our country!

The sugar co-operatives have shown what thousands of small agriculturists (over 83 per cent of the cultivator-members hold only 3 acres or less sugarcane lands) can achieve, provided they have the will to work in co-operation, and the Government policy is helpful.

The crucial role of the Apex Co-operative Bank of Maharashtra in the success achieved by the sugar co-operatives also need mentioning in this context. The Bank has from the very inception given every possible help and guidance, both administrative and financial, to the sugar co-operatives.

Growth of sugar industry (1964-65 to 1969-70)

Year	No. of factories in operation	Average daily crushing capacity (Tonnes) per factory	Total* daily crushing capacity ('000 tonnes)	Sugar production (Lakh tonnes)
1960-61	138	873	120.5	11.34
1964-65	188	1,205	238.6	32.32
1965-66	200	1,253	250.6	35.41
1966-67	200	1,229	245.8	21.51
1967-68	200	1,273	254.6	22.48
1968-69	205	1,320	270.6	35.59
1969-70	215	1,365	293.5	42.60
Per cent increase in 1969-70 over 1960-61	..	56.3	143.6	275.7
Annual compound rate of growth	..	2.4	4.8	7.2

* Computed by the Commerce Research Bureau.
SOURCE : National Federation of Co-operative Sugar Factories Ltd, New Delhi, Co-operative Sugar, January 1971.

State-wise sugar production : 1964-65-1969-70

State/Union Territory	1960-61	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70*	Average annual compound growth rate between 1960-61 and 1969-70
Uttar Pradesh	12.04	12.50	13.70	7.11	8.13	11.75	16.22	3.3
Maharashtra	5.08	6.38	7.80	6.38	6.20	9.79	10.43	6.2
Andhra Pradesh	1.88	3.06	2.99	1.45	1.88	3.39	3.35	0.6
Bihar	3.59	3.92	3.71	2.11	1.47	2.59	3.32	0.9
Tamil Nadu	1.26	2.11	2.29	1.78	1.88	3.35	2.89	0.6
Mysore	1.28	1.82	1.53	0.82	1.23	2.06	2.39	7.2
Gujarat	0.34	0.43	0.55	0.42	0.47	0.77	0.99	12.6
Haryana	Included in Punjab			0.48	0.54	0.60	0.97	28.4
Punjab	0.90	0.99	1.59	0.35	0.27	0.88	0.60	26.2
Madhya Pradesh	0.31	0.37	0.36	0.08	0.03	0.15	0.37	1.9
Kerala	0.10	0.23	0.28	0.10	0.07	0.16	0.23	0.2
Rajasthan	0.16	0.09	0.18	0.08	0.06	0.12	0.20	3.5
Orissa	0.04	0.08	0.11	0.09	0.05	0.15	0.17	17.4
Pondicherry	0.10	0.10	0.10	0.12	0.09	0.21	0.15	4.1
West Bengal	0.18	0.12	0.13	0.08	0.07	0.07	0.14	1.4
Assam	0.05	0.06	0.09	0.06	0.04	0.05	0.10	5.9
All-India	27.29	32.32	35.41	21.51	23.48	35.59	42.60	6.2

NOTES: (i) Data relate to sugar year October-September. * Provisional.
(ii) States ranked according to the production in 1969-70.

SOURCE : National Federation of Co-operative Sugar Factories Ltd, New Delhi, Co-operative Sugar, January 1971.

EXPORT ANGLE

By Stevedore

Kamanis and Telco honoured

THE Federation of Indian Chambers of Commerce and Industry this year has presented the awards it has instituted for outstanding export performance to Kamani Engineering Corporation Ltd, Bombay and Tata Engineering and Locomotive Co Ltd, Bombay. These are well deserved tributes to the two companies which are in the forefront of exports of engineering goods.

As FICCI has said, the Kamani Engineering Corporation has made an impressive breakthrough in the export of transmission line towers and conductors. During 1969-70, its exports aggregated Rs 4.65 crores, five times more than its own performance in 1968-69. Currently, it is executing a big-turn-key project in Sudan valued at Rs 6 crores. It has also on hand a large package deal with Iran valued at Rs 18 crores. The highlights of the Corporation's export performance have been the pioneering work that it has done in the export of transmission line towers from India. A small beginning was made in 1962 when towers worth 1,500 tonnes were exported to New Zealand. This was followed up by a big effort as a result of which,

Indian transmission towers found their way to Canada, Iran, Kuwait, New Zealand, Nigeria, the Philippines, Seychelles, the Sudan, Taiwan, Tanzania, Thailand, the United States and the West Indies. Thus, a breakthrough was made in the developing countries; so also to the most sophisticated markets. The company has now been registered as an export house. Although for the present, it is handling only the products of its sister concerns, it has drawn an elaborate plan to offer its services and experience to various outside units, particularly small-scale industries.

Telco, on its part, has established a unique record in the field of export promotion. Its exports consist mainly of vehicles, excavators and spare parts thereof. Between 1967-68 and 1969-70 exports went up from Rs 1.28 crores to Rs 7.22 crores. The achievement assumes special significance in the light of the fact that only in April 1969 Telco started marketing its vehicles under the trade name of "TATA" instead of "Mercedes-Benz". There were apprehensions that, as a result, Telco will not be able to sustain the exports of previous years. Initially, a number of diffi-

culties had to be faced: aggressive Japanese selling in Africa, West Asia and Far East; attractive long-term and deferred payment facilities by competitors; flexibility and wide range of commercial vehicles offered by others; higher freight rates. To get over all these, Telco had to make a thorough study of new markets. Efforts were directed mainly to the UAR, Ceylon, Yugoslavia, Nigeria, Indonesia and the Sudan. Sustained endeavours without cost consideration made it possible for Telco to cultivate these markets and to put the Indian-made commercial vehicles firmly on the export map. Telco's vehicles now operate in 22 countries all over the world, which casts on the company the responsibility of organising after-sales service and provision of spare parts. This and much more, the Telco has been able to achieve, because of its single-minded dedication to exports. □

Transport bottleneck for ores ?

THE Federation of Indian Mineral Industries is worried that exports of minerals might run into difficulties because of transport bottleneck. According to the Federation, from the very beginning of the current financial year, considerable difficulties are being experienced in the movement of various minerals, particularly that of the iron ore and manganese ore from the eastern and central regions of the country. During the period April 1970 to January 1971 out of 2.38 million tonnes of iron ore required to be moved from the eastern region to Paradeep for export, only 1.02 million tonnes could be moved by the Railways. Similarly, for K. P. Docks, out of 5.32 lakh tonnes required to be moved for exports, only 2.66 lakh tonnes could be transported. The performance of the Railways during the months of February and March 1971 has also been rather discouraging, according to the Federation.

In the case of manganese ore also the same difficulties continue to be faced in Bihar, Orissa, Madhya Pradesh and Maharashtra. This has not only affected the exports of manganese ore but also the supply of this vital raw material to steel and ferro-manganese plants which have to meet internal requirements as also export commitments. As a result of this situation, considerable quantity of iron ore and manganese ore has accumulated at the mines and rail heads in different parts of the country.

Apparently, the difficulties of the Railways are that a large number of wagons has been immobilised in West Bengal and Bihar. The Railways have also been facing some labour trouble. But these difficulties have persisted for sometime and the first to draw attention to them was the coal industry. The Railways had then promised to streamline the movement of goods. But it is not known what success has been achieved in this direction. In any case, the Federation is right in sounding the warning that unless the transport of minerals improves exports of iron ore and manganese ore will suffer. □

What India can sell

THE Directorate of Commercial Publicity in the Ministry of Foreign Trade has issued a further list of global tenders. The purchasing authorities, the items required and the closing dates of these tenders are as follows:

Argentina

SEGBA, Buenos Aires; Three phase meters, transformers etc; April 28, 1971.

Burma

Union of Burma Railway Board, Rangoon; Air-conditioners; April 19, 1971; cupola furnace; April 21, 1971 and lathes; April 30, 1971.

Construction Corporation, Rangoon; Building material; April 19, 1971; dump trucks; May 12, 1971.

People's Toilet Industry, Rangoon; Printing and bond paper, chemicals, polystyrene, PVC conduit pipes etc; April 25, 1971.

Textile Planning Committee, Rangoon; Chemicals and dyes; April 26, 1971; kraft paper and straw boards; April 27, 1971.

Electricity Supply Board, Rangoon; Diesel generating sets; May 28, 1971.

Hongkong

The Controller of Stores, Hongkong; Hydrated lime; April 30, 1971.

Iraq

Dates Marketing Organisation, Baghdad; Marking ink, date trays, etc; April 25, 1971.

Malaysia

Freeze Cardew and Ridge, Kuala Lumpur; Transformers and switchgear; Last date not specified.

Malawi

Government Medical Stores, Blantyre; X-ray equipment and chemicals; April 29, 1971.

New Zealand

Auckland Hospital Board, Auckland;

Textiles; May 14, 1971.

Republic of Korea

The Medium Industry Bank, Seoul; Machine tools; April 30, 1971.

Tanzania

Central Tender Board, Dar-es-Salaam; Veterinary medicines and drugs; April 29, 1971.

East African Harbours Corporation, Dar-es-Salaam; Installation of a single Buoy Mooring and pipe line; May 2, 1971.

Turkey

Kara Muvvetleri Komutanligi, Ankara; Dry cells and dry battery cells; April 30, 1971.

UAR

Misir Beida Byers, Alexandria; Black bristles; May 15, 1971.

Societe Misr Pour La Filature Et le Tissage, Mehalla, Kubra; Electrodes; April 20, 1971.

Ministry of Industry, Cairo; Steel strips and bars, brass rondles, pure lead, etc; Date not specified.

Uganda

East African Posts and Telecommunication Corporation, Kampala; Telecommunication equipment; Date not specified.

Zambia

Central Supply and Tender Board, Lusaka; Bungs duet sealing; May 27, 1971.

Zambia World Bank Education Project, Lusaka; Equipment for schools and colleges; Advance intimation.

Exporters may obtain the tender documents from the purchasing authorities of the respective countries. Further details about these overseas contracts can be had from the Indian Export Service Bulletin dated April 3, 1971, issued by the Directorate of Commercial Publicity in the Ministry of Foreign Trade.

FICCI ANNUAL SESSION

Government no adversary of business

Mrs INDIRA GANDHI

THIS is an occasion which gives me an opportunity of renewing my contacts with the members of the Federation and to exchange thoughts about various matters concerning our economy. There is always scope for an honest difference of opinion regarding the wisdom or otherwise of particular policies. But mutual recriminations do not take us far. As good democrats, we all have to function within a common framework which has the support of the people.

The process of history is relentless. No matter what we do, we cannot flout it, else we shall be bypassed and left behind. That is the danger in clinging to earlier conclusions reached on the basis of premises, which are no longer relevant. The more we harp on old problems, the further we move away from our real context.

No one of us, whether in Government or outside, is infallible in his judgment. We learn as much from one another as we do from our own experience. This is part of living. The Government is always willing to listen to the views of leaders of industry and business on economic, industrial and trade policies. After all, despite your often expressed fears about the encroachments made by the Government, as much as 85 per cent of our economy remains the domain of the private sector.

Many of the crucial decisions which shape our economy are taken in the private sector. If these decisions go awry, it is the economy which has to bear the consequences. That is why we are so anxious for proper understanding between the Government and the private sector. Mr President, you have referred to some imbalances in our economy. Certain imbalances are inherent in the nature of development. How is it possible to move simultaneously all along the front? Economic growth cannot take place at the same rate everywhere in the country. Nor can it be the same in all activities. Some imbalances emerge because in retrospect our judgment turns out to have been faulty. We are not omniscient and there is always the possibility of an inaccurate assessment of particular needs of the economy. The forecasts of even the best statisticians and experts often suffer from large margins of error. Demand forecasts may have been over or under-estimated. Expected supplies may not materialise on time. These are the hazards of economic programming.

The really irritating and unnecessary imbalances are the ones which are deliberately created. Imbalances between

supply and demand in the case of essential goods are sometimes created by artificially starving the market, or by a deliberate diversion of resources from required areas or uses by powerful groups and individuals for use elsewhere. Not all businessmen indulge in such activities but even a few instances are sufficient to create an adverse impression on the public mind and in such a situation drastic remedies become necessary to restore some balance.

In Parliament and public forums, the importance of price stability is often stressed. As businessmen, you have understandably emphasised the need to increase production and to link wages with productivity as one of the most effective means of maintaining costs and prices at reasonable levels. As a general proposition, this approach is unassailable. But when we seek to identify specific measures for holding the price line, we meet with resistance. This is because no one wants to get hurt in the process of price stabilisation.

Farmers want higher prices for their produce even when unit costs have gone down as a result of higher yields. They would like the parities between farm produce and manufactured goods to shift to their advantage. Understandably, workers want the rise in the cost of living to be neutralised, so as to prevent any erosion of their standards of living and in their turn, industrialists expect to be compensated for every item of increase in cost.

The imperative need to increase exports requires our prices to remain competitive in world markets. The procedure and practices of the Tariff Commission seem to have sanctified the concept of price fixation on a cost plus basis. This vicious circle has to be broken. A critical scrutiny of costs and prices is essential if we are to hold the price line. This can happen only if there is all round efficiency and if different sections of society moderate at least their sectional bargaining power. Productivity is important. In fact, it is essential if we are to develop as a major industrial power. The Government has promised to hold discussions with leaders of trade unions and managements to see how best productivity can be increased.

Mr President, you have advocated the decentralisation of powers regarding industrial licensing. It seems to me that no such gathering can take place without some reference to the licensing policy. As you all know, a very large segment of industry is already outside any scheme of licensing. The whole field of small industry as also large units involving investment up to a crore of rupees are not subject to licensing. Thus there is a very wide area in which the States can play an active promotional role in industrial development. We shall assist them to play this role vigorously. The free area of industry

is significant from the point of view of the generation of employment and the improvement of the standards of living of the people, as Punjab has so dramatically demonstrated.

But if it is your suggestion that the States should licence large units and allocate foreign exchange, then I am afraid you are ignoring certain basic factors. We have a national market. The development of industry and the allocation of foreign exchange must necessarily be fitted into an overall scheme of national priorities. How can this be achieved with the decentralisation of licensing and allocation of a scarce resource such as foreign exchange.

The need to create greater employment opportunities is self evident. The task has to be shared between industry and the Government. Since the bulk of our economic activities is in the private sector, a major responsibility for creating additional employment also devolves on the private sector. We all expect some initiatives from you in this matter. The Government on its part will do everything possible to create employment, consistent with the need to maintain a high rate of growth. You probably are aware of the various Government schemes which have been recently initiated. When completed, most of these schemes will strengthen the infrastructure of the economy and therefore create opportunities for investment in secondary manufacture and trade. That these programmes are labour-using in addition, doubles their value.

However, we must not forget that important as these programmes are, they are essentially supplementary ones. We can reshape the technological pattern of our investments here and there, but whether or not we make a real dent into the problem will depend upon the scale of investments in the Government and the private sectors taken together. Moreover, we shall be in desperate need of additional resources if we are to activate the kind of schemes which your President has mentioned and if we wish to deepen and widen the infrastructure.

Mr President, you have also asked the Government to expand its investments in the economic infrastructure, and have observed that by virtue of its nature and capability, the corporate sector is in a position to provide the funds, which are crucially needed for balanced development. Presumably this means an effort on your part to generate more resources from within and to lessen the burden on financial institutions. This is indeed a challenge to take up. This is where genuine entrepreneurial vigour and skill are required. A good entrepreneur is dynamic and responds positively to challenges and he spurns aids and assistance. He is driven forward irresistibly by what Max Weber called a sense of 'calling'.

Text of the inaugural address delivered by the Prime Minister, Mrs Indira Gandhi, on April 10 in New Delhi at the forty-fourth annual session of the Federation of Indian Chambers of Commerce and Industry.

I should like our entrepreneurs to move boldly into international markets. Businessmen are constantly reminding me of the importance of efficiency. This principle is often invoked against protective measures for small and new entrepreneurs at home. But then they ask for similar protection against foreign competition. It is therefore a welcome sign that members of the Federation are now offering their co-operation for the development of small-scale units and have volunteered to advise their counterparts in the small-scale sector on matters of production, marketing and finance. For an infant industry protection is a legitimate demand, but infants must grow up one day. How else can we complete the industrial revolution which bypassed us while we were under colonial rule?

In the course of the past two decades there have been several false starts and weak endings in our planning endeavours. But no nation—perhaps no individual has progressed without mistakes. A reappraisal of the planning process will soon be undertaken. In his speech on the interim budget the Finance Minister made it clear that we intend to augment the scale of public investments. This will supplement and strengthen what you do on your own. If your accent is on growth, you will find that there will be sympathy and support from the Government. However, if there is hesitation on your part, the Government may have to encroach on what you would normally consider your territory.

Without constant reform and renewal we shall be swept away by succeeding events. This is why I cannot wholly agree with your President's conclusion that it is only by strengthening the apparatus of production that we shall be able to travel faster on the road to social justice. This is only partially true. Increase in production and better distribution must go together. Any other path will ultimately lead to the decline of production itself and our carefully laid out schemes and projects may well be engulfed by the despair of the masses.

In planning our economic growth, we cannot brush aside the people's expectations and impatience. You have spoken of another kind of impatience—impatience with official procedures. I agree that some of these procedures need to be streamlined. Government is looking into this aspect. At the same time, industrialists should realise that our controls are not for stifling industrial growth, but for ensuring that such growth gives the most social benefit.

Unfortunately, self-restraint as an instrument of economic policy has not proved altogether efficacious. Gunnar Myrdal while surveying what he calls the Asian Drama laments the reluctance of our Government to place social obligations on the people. He calls us a "soft State". He says, and I quote: "...development cannot be achieved without much more social discipline than the prevailing interpretation of democracy... permits". We would do well to remember that this is the observation of one who is not an authoritarian.

I hope you will not mind what I have said and will take it in good spirit, that you will regard the Government not as your adversary but as your friend. We

want industrialists and businessmen to prosper. This prosperity should not be at the expense of the general economic welfare but rather a by-product of it. Your prosperity has to be reconciled with the well-being of the people. For prosperity itself cannot exist without the satisfaction of the basic needs of the people. This is the fundamental truth which we must all face and I hope it will infuse your deliberations.

I have spoken of economic problems because that is your special concern. But in today's world life cannot be divided into compartments. We must all take an interest in and work for the good of the whole. In our country, as perhaps in others also, different groups or interests seem to function as rivals to one another. Faced as we are by monumental problems, this is a luxury we can ill afford. The human race is caught in what Alvin Toffler describes as a "current of change, a current so powerful today that it overturns institutions, shifts our values and shrivels our roots. Change is the process by which the future invades our lives, and it is important to look at it closely, not merely from

the grand perspectives of history, but also from the vantage point of the living, breathing individuals who experience it." The change is not merely of better goods or faster speed, nor even of ecological imbalances—it "has personal and psychological, as well as sociological, consequences". Each section of society, each activity is so closely linked.

In these circumstances, is it too radical or too idealistic to hope that each group should by its own work help to promote the work of others, that the output of one group might become the input for many others? We can change our cities and villages if we are sensitive to all that is around us. If we are constantly on the look out to see what we ourselves, as groups and individuals, can do—small acts of kindness, concern with the cleanliness, health and beauty of our environments, of people no less than places. If an individual cannot do things in a big way, let him at least look to the small details which are within his reach. If our purpose is common, let our endeavour be united. Let us all co-operate so that our goal can be achieved in partnership and in harmony.

Linking production with social justice

D. C. KOTHARI

MADAM Prime Minister, may I extend to you our heartiest congratulations on the tremendous success that you and your party have achieved in the elections? It is a great tribute to your sagacity and insight that you should be able to so accurately judge the pulse of the nation and take the stand which you have done in respect of the various issues and the remedies the country wants in the present context of things. We, from business, will be happy to offer such experience and expertise that we have in the service of the nation.

What has happened during the past few days in the eastern part of our sub-continent should make us all the more reverential in our attitude towards democracy. The appalling tragedy in this part of the world brings home the point, more than ever before, that the will of the majority cannot be suppressed for long. It emphasises that the democratic process alone promotes welfare and peace through better understanding of human relations.

Now that the din and bustle of our mid-term elections are over, revealing as a sensitive seismograph the shifts in public opinion, we may perhaps settle down to make an appraisal of the economic and social problems that have arisen during the last few years. In my observations today, therefore, I shall try to identify these problems, why and how they arose and what we all, acting in unison, can do to put them right. In doing so, I am fully

conscious of the needs and aspirations of the people to share in the gains of prosperity and the anxiety of the Government to promote social justice. For, after all, it is an indisputable premise that what the different economic groups have in common is very much more important than what apparently separates them. Let me reiterate that the Government, management and labour have economic and social functions that are essentially complementary and that they owe responsibilities towards one another and to the community. They can be discharged effectively only if the three parties act together in a partnership of service in the interests of the community as a whole.

A review of our economy for the last twenty years would reveal many plus points. Food production has gone up by 100 per cent, industrial output by 200 per cent. Compared to our starting point, we are in a much stronger position, be it in agriculture, in industry, or in the infrastructure. The per capita income has improved at 1.3 per cent per year—it would have been more but for the increase in population at over 2.5 per cent. But, our level of investment never matched our requirements. In fact, since 1965 it has remained stagnant at around 12 per cent of the national income while we need to invest a minimum of 15 per cent to achieve a breakthrough. Only then will we get the momentum to sustain a high level of activity for a continuous minimum income growth of 8 per cent, with an additional job opportunity for five million per year.

Also visible are a few imbalances which have arisen as a result of the very policies that enabled us to reach our present level of growth. In fairness, how-

Text of the presidential address delivered by Mr D. C. Kothari in New Delhi on April 10 at the forty-fourth annual session of the Federation of Indian Chambers of Commerce and Industry.

ever, it must be said that such imbalances are inherent in the nature of things because when we plan for something, we cannot always anticipate the many contingencies that may arise in the actual working operations. These imbalances are reflected in the contrast between irrigated and unirrigated areas, between cash and food crops, between capital goods and consumer goods producing industries, between principal industrial units and ancillaries, between production and demand for industrial raw materials, intermediates and components, and between supply and demand of funds for the running and expansion of industries.

In addition to rectifying these imbalances we have also to solve the concomitant problems, such as, (a) the steady increase in unemployment, (b) stagnation in production, (c) the tendency for prices to rise, noticeable generally during the last two years or so, (d) and, as against this, the demand for higher wages following higher cost of living, (e) exports not keeping pace with the targets, and (f) deterioration in the law and order situation, particularly in certain parts of the country.

We have to embark upon a new strategy by which the expectations of the people will be increasingly fulfilled. This means strengthening the national economy all across the line; it means creation of new jobs; greater infrastructure facilities; reducing imbalances, both inter-regional and inter-class; stabilising prices and preventing social dislocation; more equitable distribution of income; promoting exports and import substitution; and, it means, of course producing more goods for higher consumption and greater investment. There can be no conundrum of "either/or" generalisation in the development process. In essence, this conundrum is no more than marginal adjustments against a background of almost universal expansion.

Unemployment is the biggest problem that is facing us. It is not something new. With the spread of education, the number of the educated unemployed has tended to increase. We are one with the Government in its programme of large-scale public works which will absorb both unskilled and skilled personnel. This will strengthen our infrastructure—both economic and social—and make certain that the human resources will not run into a tragic waste. This will also open up the vast hinterland of our country. The money so spent will prove to be a good investment at our present stage of growth. We need a better arterial and radial system of communications, power distribution networks, canals and channels, and more houses and hospitals. These are indeed some of our cherished objectives set to be attained, and our ingenuity lies in making the impact on the economy least inflationary.

I will lay an equal emphasis on extending the green revolution to our cash crops. Although we have had remarkable success in the evolution of new varieties of wheat, and, to some extent, in maize, we have not yet made much headway in rice; certainly not, in crops like cotton, jute, oilseeds, etc. India has a stupendous wealth in her agricultural cash crops which form the basis of our agro-industries. If this wealth could be fully exploited and utilised, our agro-industries would progress further and our foreign exchange earnings augmented considerably. Let

me cite the instance of cotton. Although it has been one of India's major crops, in recent years the supply position is very acute. But it is possible to increase the yield of cotton, and this has been demonstrated successfully by the Indian Cotton Mills Federation. The experiments have shown an increase of as much as 100 per cent in the yields.

Urban areas too, particularly metropolitan cities like Calcutta, require special consideration. It is not commonly recognised that the urban population is growing twice as fast as the rest. The cities are getting overcrowded and the state of the civic amenities is appalling. This is a live source of unrest and indiscipline. Violence is becoming a way of life. Let us remember that the existence of penal laws from times immemorial shows that man is not always a virtuous creature and that transgressions are to be expected. But the phenomenon, which we observe today, is frightful. It is a matter of concern to the rest of India that a State like West Bengal where 30 per cent of our industry is concentrated should be overtaken by violence and indiscipline. There is, therefore, a very urgent case for taking steps to reduce tensions through a massive programme of development.

With every day the citizenry of our country is growing by leaps and bounds, and so, undoubtedly, will our problems. No doubt, there are more hands to help but with all our effort I do not think we will be able to give them even the basic requirements of a decent life. Not many words can be wasted on so important a matter like this. The Federation and its constituents will lend their full co-operation to the Government's programmes for the control of population before it is too late for control.

This brings me to the question of distributive or social justice. A great deal has been said on the subject recently, and the concept, I think, can be given the requisite body only through greater production. If production is stagnant, the welfare of the people cannot be promoted. This has become so obvious with the stalemate in industrial production during the last few years. What we have to ensure is that production is increased all round, and also that the large masses of our country benefit. There should, therefore, be no controversy about the proposition that growth of production should be inter-linked with the spread of social justice. One cannot obtain without the other in any civilised society. However, I firmly believe that only as we strengthen our productive apparatus, we will be able to march quicker and easier along the road to social justice. In this task, I should like to assure you, Madam Prime Minister, of the utmost co-operation of the business community.

For various reasons, India has been labouring under a period of shortages. It will be some time before we reach a period of plenty. Therefore, we will have to exercise the utmost restraint in our pricing policy so that a fair deal is given to the consumer. It is not an easy task, but I think, this has to be done consciously and with the idea that industry and business owe a duty not merely to themselves, but to the community at large.

Monetary and fiscal policies apart, higher prices are due to production not

keeping pace with demand. And demand has grown enormously owing to increase in population, reinforced by a larger purchasing power, particularly in the rural areas, thanks to the green revolution, and as a result of circumstances like increase in wages unrelated to productivity. In this connection, I would appeal for a formula to be worked out in consultation with the trade unions for relating at least some portion of the increase in wages directly to productivity. Although in various ways, from time to time, attempts have been made to do this, they have been without success, and most of the resolutions or discussions have remained only a matter of form. Our Government must get down to this problem and see that our price structure remains at least somewhat in line with international levels. For this reason too, the need for increasing production is imminent. We have not been able to keep pace with the demand, both internal and external, partly because of raw material shortages, and partly because of controls in detail to which I shall now turn.

The major part of controls on industry came into being three decades ago during the war years. Quite a few have been added since. I concede that these controls may have served some useful purposes. They have, nevertheless, become too cumbersome and complex.

I am conscious that our Government is alive to the situation—in fact, appointed a number of committees to go into this matter; there are several reports with various suggestions as to how best a rationalisation can be achieved. It may not be possible to make any fundamental or radical changes; but, surely, within the framework of the law and rules as evolved, there is scope for simplification and for quickening the process of licensing. For instance, at present it is not necessary to get an industrial licence if the raw material imported does not exceed three per cent of the ex-factory annual value of production. This percentage can be substantially increased. My submission is that we need not worry about the exchange spent on the import of raw materials since it will be cheaper than the import of finished products.

It is worthwhile considering whether the various States can be allocated a certain amount of foreign exchange, as also certain powers of licensing, so that decentralisation might help in speedier disposal of applications and quicker establishment and expansion of industries. While saying this, I want to make it clear that such decentralisation should not result in creating new imbalances, or weakening in any way, the overall policy of harmonious industrial growth.

One of the greatest impediments which anyone in charge of an industry faces is procedural delays. You can ask any industrial manager in the public or private sector, as to why he cannot improve upon his present performance. The answer, I predict, will be very much the same: It is that he is just unable to do any creative activity without stumbling across some rigid rule or the other. I am not suggesting for a moment that more freedom should be given to these managers to make them individually happy. The point is that they require sufficient elbow room to discharge their responsibilities, to see their plants function efficiently, and to fulfil the

expectations of the planners as well as the people. I may mention that even in communist countries there is considerable revision in thinking about elaborate control on industrial management.

While on this subject, may I indulge in a little loud thinking? I am having in mind the possibility, in the foreseeable future, of the public sector becoming a large contributor to the exchequer. I am sure, when this happens the very complexion of the budgets will undergo a radical change. In order to usher in this era, it would be desirable to revise the approach to control on public sector enterprises. In particular, the co-operation of our sovereign Parliament and Government is not only essential but imperative. While both must keep themselves abreast with the policy matters, the day-to-day affairs, I submit, should be left to be managed by the board of directors.

In my view, as I said a moment ago, it should be possible to look forward to surpluses from public sector enterprises, given the requisite autonomy in their operations. Similarly, the surpluses from the savings of corporations in the private sector can be augmented and utilised for re-investment in the businesses that generate them. My point is that while the corporate segment, both public and private, may be small in relation to the vast agricultural sector, it is the corporate sector, by virtue of its nature and capability, that can provide the funds so critical to strengthen the framework for sustained development which alone can spread social justice.

In the conditions and circumstances obtaining in India, we will have to make a deliberate effort to stimulate the growth of small-scale industries so that the base of industry is broadened. Government and large-scale units should assist the formation of small-scale industries for manufacture of ancillaries and components. In fact, in the developed countries this is a well-recognised practice. The large-scale units in India also can render valuable service by deploying their personnel to give production, marketing and financial advice to the small-scale units. The Government, in its turn, can further strengthen the existing institutions assisting the small-scale sector.

Our exports reflect the stage of our economy rather than want of any conscious effort either on the part of the Government or the exporters to achieve greater targets. Once our productive apparatus is strengthened and our costs are contained, there will be a greater flow of goods available for sales abroad. It is, therefore, time that we gear up our export policy and procedure to take the fullest advantage of the opportunities which will come in the wake of the implementation of the Unctad general scheme of non-reciprocal, non-discriminatory preferences. These are intended to increase the export earnings of a developing country like India, to promote industrialisation and to accelerate the rate of economic growth. Indeed, India is in a position to avail of these opportunities, for we have already reached some maturity in industrial development. The point is fully appreciated by our friends abroad. For instance, when the Ficci delegation went to Japan we were asked by our Japanese friends to think in terms of supplying industrial goods to Japan, and they were also prepared to collaborate with us in

international tendering and in the setting up of industrial ventures in third countries.

Again, I would like to mention that for increasing our exports, it is necessary to strengthen the institutional framework. Export credit has become an accepted feature of international trade in recent years. This has put India, with low credit capacity, at a disadvantage. If we give credit, foreign exchange will not be available for a time, and meanwhile critical imports will suffer. Therefore, some institutional arrangements have to be made, say, by the setting up of an export-import bank which will be a dynamic agent, with drive and initiative, to put both export and import trade on a sounder basis. This bank should have tie-up arrangements with the World Bank and for instituting a scheme for refinancing the export credit by the World Bank itself or by the central banks of the developed countries. Possibly, the developed countries may be persuaded to set aside for this purpose a part of the

special drawing rights evolved by the International Monetary Fund.

Business in India must appreciate that technology relating to organisation and management is not static but in the process of continuous change. A number of corollaries follow: There must be greater professionalisation of management, greater readiness to accept newer methods and to adopt policies in conformity with the spirit of the times and requirements of the nation. One can see that there will be a growing distinction between ownership and management here, as there is in the developed countries. It will be necessary for Indian industry to go in more and more for professional management if we are to keep pace with international developments. No doubt, a good beginning has been made, and it should be a matter of gratification that we are steadily increasing the crop of the professional cadres.

Before closing, I would like to refer to one aspect of the relationship between the

(Continued on page 725)

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REVIEWS

Growth of telecommunications

Economics of Telecommunication in India (With reference to telephones): Dr R. S. Srivastava; Tech India Publications, Rohtak Road, New Delhi-5, Pages 428; Price Rs 20.

This is an extremely useful book on an unorthodox and unfamiliar subject bringing to light rates, patterns and implications of growth of telecommunications in India as against an overall growth of the economy. The book is an outcome of research done by the author for his Ph D. Dr Srivastava being an economist-cum-engineer has been able to deal with the subject in a masterly fashion and has been able to derive certain conclusions which point to the need for still more researches

in the field. One of the limiting factors of the developmental strategy that has been formulated for our country has been that various projects of great importance like the one studied in this book have not been examined closely at their micro-level and woven neatly in the network of planning-model. This has resulted in a number of imbalances that came up now and then in the demand and supply of the output of these projects and in its train it threatens to stifle the developmental process. Dr Srivastava deserves to be congratulated for this daring effort. After reading this book one feels tempted to see similar pieces of research produced on national and regional projects of this sort.

The book contains seventeen chapters. Chapter 5 to 10 might be considered as the core chapters of the book. Modern economic and statistical tools have been convincingly used by the author. Keeping in view the limitations of the tools, the use of indifference curve to demonstrate income and substitution effect, isosystem contours and various cost methods have been indicated for finding out the optimum cost. The author has skilfully attempted to explain how the entire telecommunication system is an indivisible unit capable of yielding economies with optimum scale operations.

Cost-benefit analysis as worked out by the author brings out some very interesting results to be reckoned with. For instance, table 65 on page 322 reveals decreasing cost and increasing revenue per unit of telecommunication service over the period 1958-59 to 1965-66 indicating that telephone services are working on increasing return scales. Table 66 indicates that net profit due to telephones amounted to Rs 17 lakhs in 1938-39, which rose to Rs 9.55 crores in 1966-67.

In fact, in the modern age, telecommunication has become a vehicle of economic growth and social advancement. The author has argued effectively that as the country has poised itself for great economic strides this sector of the economy has enormous possibilities of expansion, keeping in view the social as well as the economic costs and gains. It would serve as one of the key variables of growth. Since India forms an important and inseparable link in the international telecommunication network, she cannot plan her network in isolation. It has to be planned in consonance with the existing or the likely patterns elsewhere. At the same time, the system must be in tune with the availability of limited internal and foreign exchange resources; vast size of the country; agrarian character of the masses; multiplicity of geographical and climatic condition and the pattern of economic, social and cultural advancement envisaged. Dr Srivastava has not dealt with this aspect of the problem except that he has made some side references in this regard.

R. N. Lal

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BOOKS RECEIVED

Towards Balanced Growth—Quantity with Quality: Report of the National Goals Research Staff, Government of the US, Washington; Pages 226; Price not mentioned.

The Growth of Output 1960-1980: Prepared and published by the OECD, 2 rue Andre-Pascal, Paris 75; Pages 280; Price \$8.75.

Small Industry Procedures Handbook: K. K. Mehan; Productivity Services International, 48/4 Air-conditioned Market, Tardeo, Bombay 34; Pages 208; Price Rs 22.

Indian Textile Industry Annual 1970: Edited and published by M. P. Gandhi Nanabhai Mansion, Sir P. M. Road, Bombay 1; Pages 104 + xxxii; Price Rs 250.

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The Mysore Sugar Company Limited

Bangalore

Chairman, Shri G. Made Gowda's Speech

SPEECH by Shri G. Made Gowda, B.A.B.L., M.L.A., Chairman, at the Thirty-seventh Annual General Meeting of the Shareholders of the Mysore Sugar Company Limited, Bangalore, held on Monday the 29th March 1971:

LADIES AND GENTLEMEN,

I have great pleasure in extending to you all a warm welcome to the 37th Annual General Meeting of the shareholders of the Mysore Sugar Company Ltd. The Report of the Directors and the Statements of Accounts for the year ended 30th June 1970 along with the 'nil' comments of the Comptroller and Auditor-General of India have already been circulated to you and I think we can take them as read. At the end of the Accounts you will find a review by the Accountant-General giving an interesting analysis of the financial position of the Company for the year 1969-70 with comparative figures for the preceding two years. This year too it has not been possible for your Directors to call this meeting within the prescribed time on account of unexpected difficulties that had to be encountered following the shifting of the Accounts Section from the Head Office at Bangalore to the Factory Office at Mandya.

2. As you would have seen from the report and accounts, your Company has fared well during 1969-70, with an all-round increase in production and a fair level of profit, which should be considered satisfactory having regard to the present plight of the sugar industry. Our performance will be better appreciated against the background of the all-India position of the industry, with which I shall preface my review of the working of your Company.

3. Under the policy of partial decontrol introduced in 1967-68 there was a further spurt in sugar production during the 1969-70 season, from 35.6 lakh to 42.8 lakh tonnes. This being much more than what the country can consume or export, the larger production has brought in its train certain difficult problems for the industry, which finds itself faced with a crisis of glut. The excess production has created acute storage difficulty for the mounting stocks, the financing of which has thrown a severe strain. The burden of the interest charges alone is adding to the cost of sugar by nearly Rs 3 per quintal. To relieve the industry from this burden, the Union Government had announced its intention to build a buffer stock, as recommended by the Sugar Enquiry Commission, but nothing has been done in this direction so far and the problem is growing in magnitude, especially as the current season's production is also expected to be more than 40 lakh tonnes.

4. In the matter of sales, the levy price fixed by the Government of India is

found uneconomical and the marketing of free-sale sugar has become a source of loss as factories, especially in South India, are obliged to sell their sugar at prices which are below the levy price. This anomalous position is the direct result of the levy of a higher rate of excise duty on free sugar, from 1st March 1970 depriving the factories of their price by as much as Rs 15 a quintal, without benefiting the consumer. There is no justification for this discriminatory levy, and unless it is equalised with the duty on levy sugar, the industry would have to pay a very heavy price indeed for the continuance of the present system of partial decontrol, which has practically out-lived its purpose.

5. For our Mandya factory, the year 1969-70 was an eventful one, with the crushing of cane reaching an all-time high level of 4,85,967 tonnes, which is double the quantity of 2,45,949 tonnes crushed in the previous year. Unfortunately, the cane was of a poor quality and this coupled with the prolongation of crushing till the end of April 1970 brought down the recovery to 9.09 per cent for the whole season. The quantity of sugar produced was 44,176 tonnes, which also constitutes a record for your factory. Under the Government of India's scheme of cane price fixation, the price payable by our factory was Rs 77.50 per tonne up to end of September 1969 and Rs 81-70 from October 1969. As against these different prices, your Company paid a uniform price of Rs 82 for the whole year. The splitting of our normal crushing period into two separate seasons with varying prices is an anomaly which is causing embarrassment and concern to your Company as it is found impracticable to effect a change in cane price in the middle of our season. The reckoning of the official season from July to June would be an easy solution to this handicap which we along with other South Indian factories experience, without in any way inconveniencing factories in other parts of the country. Out of the year's production, a total quantity of 3,00,769 quintals of sugar was sold for Rs 490.10 lakhs, out of which Rs 102.06 lakhs was absorbed by excise duty, cane purchase tax taking away another slice of Rs 26.68 lakhs.

6. In my speech last year, I had referred to the revised zonal pattern of sugar price fixation, based on the recommendations of the Tariff Commission, which had resulted in a steep reduction in price for the factories in Mysore from Rs 131 to Rs 119.35 per quintal. I am glad to say that as a result of the vigorous efforts made by your Company along with other factories in the State, the Government of India were pleased to raise our price to Rs 129.57. The price structure evolved by the Tariff Commission does not do full justice to the factories in the Mysore zone and it is to be hoped that in the revised

price, which is due to be fixed for the 1970-71 season, the deficiencies in the Tariff Commission formula will be rectified and due note taken of subsequent increase in costs, particularly under the heads of wages, fuel and packing.

7. Our Distillery unit continued to work satisfactorily and achieved a high level of production of 87,633 hecto litres of alcohol, during the year under review, as against 60,002 hecto litres in the previous year. There has been an increase in the demand for alcohol, both for potable and industrial purposes, and even the increased capacity is found inadequate to meet the growing demand. By far the greater portion of our alcohol now goes for potable purposes. The problem of molasses needed for working the enlarged plant is assuming importance as we have to depend upon other factories for meeting our requirement and the movement of this commodity is proving to be difficult and costly.

8. In the second year of its working, the Acetic Acid Plant doubled its production from 983 to 2,080 tonnes for which a quantity of 27,50,798 litres of alcohol was diverted from our distillery, with the permission of the Excise authorities. The Mysore Acetate & Chemicals Company of Mandya, which is the chief consumer of our acid, lifted 1,815 tonnes, while a small quantity was put on the market. The economics of this new project, on which your Company has invested a crore of rupees, are causing concern as the State Government is viewing the use of alcohol for acetic acid manufacture from an excise angle, instead of treating it as an industrial raw material. Consequently, excise duty is sought to be levied on the alcohol used for acid manufacture, the incidence of which will be such that neither the acetic acid, nor the end product manufactured by our sister concern, will be able to bear the burden. In the interests of development of alcohol-based industries in the State, it is essential that alcohol used for manufacture of acid should be completely exempt from all excise levies.

9. Turning now to the Accounts, it will be seen that the trading profits from sugar, alcohol and acid during the year under report, amounted to Rs 83.90 lakhs. After meeting interest charges to the extent of Rs 22.58 lakhs and after providing for depreciation on fixed assets, and setting off the loss on farms, the net profit stands at Rs 30.13 lakhs, as against Rs 65.19 lakhs in the preceding year. The decline in profit, in the face of increased production and sale of sugar, is to be attributed to the low sugar recovery and consequent higher cost and the unremunerative levy price fixed for sugar, which left little or no margin. Besides, the steady fall in the open market price, coupled with the 50 per cent increase in excise duty on this sugar, pulled down the realisation even below the levy price in the closing months of the year. The bulk of our profit has been earned from the distillery, the satisfactory working of which has yielded a record profit of Rs 21.95 lakhs, as compared to Rs 15.76 lakhs in 1968-69. Besides, a maiden profit of Rs 9.75 lakhs has been contributed by the Acetic Acid unit. The farm operations have resulted in a loss of Rs 3.40 lakhs. But in the last three years over a crore of rupees has been realised

from the sale of the farm lands. Doubtless, this income has eased our financial position and helped to reduce the interest charges to some extent.

10. Unlike the previous year when we had to set aside a large chunk of the profit amounting to Rs 38.76 lakhs to Development Rebate Reserve, the provision needed in 1969-70 is only Rs 1.58 lakhs. This is more than offset by a withdrawal of Rs 1.73 lakhs from this fund. This year too there is no income-tax liability and the entire profit of Rs 30.38 lakhs, inclusive of the balance of profit brought forward from last year's account, is available for disposal. This amount, it may be noted, is more than the profit of Rs 26.79 lakhs that was available last year, when the Company earned a much higher gross profit. As you are aware, practically the whole of the general reserve of about a crore of rupees built in the earlier years had to be utilised to meet the recurring loss of the bleak period of 1965 to 1968, when the working of the factory was crippled and the shareholders had to go without a return on their investment. Your Directors feel that it is only proper that they should rebuild the reserve so as to strengthen the financial structure of the Company and at the same time give the shareholders an adequate return in keeping with the traditions established by your Company. Accordingly, they recommend the transfer of a sum of Rs 19 lakhs to the General Reserve, raising this fund to Rs 36 lakhs, and the payment of a dividend on the equity capital at 20 per cent, subject to deduction of tax, which would absorb Rs 10.82 lakhs. The balance of Rs 58,000 is to be carried forward.

11. Gentlemen, the present position of the sugar industry in our country is one of deep concern, but I am optimistic that conditions will change for the better and that the industry will have to expand further to meet the demand for sugar that is steadily rising and is bound to rise in the years to come. What is wanted is a realistic and comprehensive sugar policy which will work smoothly giving the required incentive to the industry to achieve higher production and at the same time ensure fair price to the cane growers and easy availability of the commodity to the consumers at reasonable price. Our own State of Mysore is ideally suited for the development of this industry, thanks to irrigation facilities and the favourable climate and soil conditions, and it is no wonder that industrialists from other parts of India are turning to Mysore for putting up new factories. The co-operative sector is also expanding in a big way and Mandya District bids fair to be a leading producer. Ours is one of the oldest sugar factories in the country, having been set up in 1933, and is in need of renovation to suit modern conditions. In my speech last year I had dwelt at length on this issue and apprised you of the decision of your Directors to execute an integrated scheme of rehabilitation-cum-expansion at an estimated cost of Rs 320 lakhs so as to ensure efficient and economic operation of the plant for some more years. The first phase of this scheme is expected to be completed by October of this year, with the erection of a set of new mills and boilers. The second phase comprising the addition of a new turbo-set and two more boilers and costing Rs 140 lakhs is expected to be taken up in two stages, spread over the next two

years. Your Directors are convinced that, taking a long-range view this rehabilitation programme, which will give a new lease of life to the factory and ensure comfortable crushing of 2,500 to 3,000 tonnes of cane per day and its economic processing is an absolute necessity. But it is found difficult to raise the requisite finance from the banks whose lending policy has recently undergone a change which is not conducive to industrial development. Our programme, as scheduled, cannot be given up on this account and alternative ways of raising funds are being explored. Your Directors are confident that an approach to the investment market at this juncture will meet with ready response.

12. As a first measure of raising additional funds, your Directors have decided to accept Fixed Deposits from the public to the extent of about Rs 50 lakhs. I am also glad to inform you that your Directors have just taken a decision to issue bonus shares in the proportion of one bonus share for every existing three shares and this will soon be followed by issue of right shares at the rate of one right share for every two shares held after the allotment of bonus shares at a premium of Rs 2 per share, subject to the approval of the Controller of Capital Issues. It is also proposed to increase the authorised capital from Rs One crore to Rs Two crores. An Extra-ordinary General Meeting is proposed to be called for during the early part of May 1971 to seek your approval to these proposals.

13. The immediate outlook for your Company promises to be bright. On the basis of the performance in the first nine months of the year, I may say that the current year's working results will not in any way be less favourable than those of 1969-70. The factory has completed crushing of cane and although the tonnage is less there has been a marked improvement in recovery. I am also hopeful that Government would, before long, announce an increase in the levy price of sugar and rationalise the excise duty. On our excess

production in 1969-70 season we have earned an excise duty rebate of Rs 10.46 lakhs, which has been brought into the current year's account. Besides, the Distillery and the Acetic Acid units are expected to contribute their share of profits.

14. It is now my pleasant duty to thank all those who have contributed to the successful working of the Company during the year under review. I must, first of all, acknowledge the valuable advice and guidance given by my colleagues on the Board and compliment our Managing Director Shri S. Nanjundiah, for his able management of the affairs of the Company. The year was an eventful one for the factory when it had to handle a record quantity of about five lakh tonnes of sugarcane and I would like to express my appreciation of the willing and devoted work of the employees of all categories, from the General Manager down to the humblest worker. Our relations with labour continued to be cordial. In lieu of the recommendations of the Wage Board, substantial benefits have been extended to our employees. As against the minimum bonus of 4 per cent payable under the Bonus Act, your Directors have granted to the workers a higher bonus of 10 per cent of their earnings, in addition to an ex-gratia payment of one month's wages disbursed at the commencement of the year. The Government of Mysore, as usual, continued to extend their support to the Company and we are highly grateful to them. We are also thankful to the several Departments of Government for their co-operation and assistance. Lastly, I desire to acknowledge the co-operation that we have received from the large number of our cane suppliers.

15. Ladies and Gentlemen, I have now great pleasure in moving that the Directors' Report and the audited Statements of Accounts for the year ended 30th June 1970 be adopted.

(Note: This does not purport to be a record of the proceedings of the annual general meeting.)

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The British Bank of the Middle East

(INCORPORATED IN ENGLAND BY ROYAL CHARTER, 1889 WITH LIMITED LIABILITY)

BALANCE SHEET OF THE INDIAN BRANCH AS AT 31st DECEMBER, 1970

31-12-1969	CAPITAL AND LIABILITIES	Ra.	P.	Ra.	P.	31-12-1969	PROPERTY AND ASSETS	Ra.	P.	Ra.	P.
Ra.				Ra.	P.	Ra.				Ra.	P.
31,44,000	1. Capital: Deposit with Reserve Bank of India under Section 11(2) of the Banking Regulation Act, 1949			31,44,000.00		37,93,787	1. Cash: In hand and with Reserve Bank of India and State Bank of India			39,78,352.08	
Nil	2. Reserve Fund and Other Reserves			Nil		36,136	2. Balances with Other Banks on Current Accounts: (i) In India	97,856.94		7,32,328.80	
8,74,78,075	3. Deposits and Other Accounts: Fixed Deposits	3,70,04,219.96				9,99,434	(ii) Outside India	6,34,471.75			
86,97,904	Savings Bank Deposits	81,47,768.52				10,05,570					
1,73,96,170	Current Accounts, Contingency Accounts, etc.	2,88,75,027.75				90,00,000	3. Money at Call and Short Notice			37,00,000.00	
6,84,72,149				7,41,17,016.23			4. Investments (At cost):				
60,00,030	4. Borrowings from Other Banking Companies, Agents, etc.:					1,67,04,694	(i) Securities of the Central and State Governments and other Trustee Secu- rities, including Treasury Bills of the Central and State Governments	1,96,85,875.00			
Nil	(i) In India	Nil					(ii) Shares: Quoted: Fully paid Ordinary Shares— Market Value Rs. 4.60,313—last year Rs. 4.21,875	3,75,000.00			
60,00,000	(ii) Outside India	5,586.83		5,586.83			Unquoted: Partly Paid Ordinary Shares	2,60,000.00			
	PARTICULARS:						(iii) Debentures or Bonds	Nil			
Nil	(i) Secured	Nil					(iv) Other Investments: Unit Trust of India	50,000.00			
60,00,000	(ii) Unsecured	5,586.83					(v) Gold	Nil		2,08,70,875.00	
16,15,220	5. Bills Payable			7,30,226.37		1,63,89,694					
1,01,66,870	6. Bills for Collection being Bills Receivable (as per contra):						5. Advances: (Other than Bad and Doubtful Debts for which provision has been made to the satisfaction of the Auditors)				
43,18,410	(i) Payable in India	1,16,22,921.82				9,35,30,264	(i) Loans, Cash Credits, Overdrafts, etc.:				
1,44,85,280	(ii) Payable outside India	40,86,875.55		1,57,09,797.37		Nil	(i) In India	3,55,60,056.32			
40,50,068	7. Other Liabilities:					3,35,30,264	(ii) Outside India	Nil		3,85,60,056.32	
Nil	(i) Head Office and Branches outside India (net)	20,40,140.93					(2) Bills Discounted and Purchased (ex- cluding Treasury Bills of the Central and State Governments):				
38,012	(ii) Inter-branch Adjustments	Nil					(i) Payable in India	32,67,586.45			
40,89,080	(iii) Staff Provident Fund	39,160.61		20,79,301.54		24,00,319	(ii) Payable outside India	75,60,995.34		1,09,28,581.79	
1,20,72,421	8. Acceptances, Endorsements and Other Obligations (as per contra)			17,10,632.00		76,46,893				4,93,88,638.11	
6,84,293	9. Profit and Loss:					4,86,67,476	PARTICULARS OF ADVANCES:				
2,08,629	Profit as per last Balance Sheet	4,11,870.86				1,40,69,161	(i) Debts considered good in respect of which the banking company is fully secured	1,31,14,788.27			
1,92,807	Excess Provision of Income-tax in previous year	9,703.10				60,04,532	(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security	2,17,08,534.78			
10,72,729	Profit for the year	3,30,554.70				2,26,03,783	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	1,45,68,815.06			
6,60,853	Loss—Remitted to London Office	5,42,510.22		2,09,618.44		4,86,67,476	(iv) Debts considered doubtful or bad, not provided for	Nil		4,68,68,638.11	
4,11,871						29,889	(v) Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons	26,046.88			
28,01,977	10. Contingent Liabilities in respect of:					Nil	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents, or, in the case of private companies, as members	Nil			
4,000	(i) On outstanding forward exchange contracts	47,82,399.15				32,606	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either se- verally or jointly with any other persons	36,257.42			
Nil	(ii) Unsettled Liability on Partly Paid Ordinary shares held as Investments	4,000.00				7,149	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies as members	Nil			
1,36,97,130	(iii) Claims against the Bank not acknowledged as debts	Nil				1,01,66,870	(ix) Due from banking companies	1,85,00,000.00			
9,65,037	(iv) Letters of guarantee on behalf of constituents	1,41,13,925.32				43,18,410	6. Bills Receivable being Bills for Collection (as per contra):				
	(v) Liability on bills of exchange rediscounted with the Industrial Development Bank of India	9,65,937.50				1,44,85,280	(i) Payable in India	1,16,22,921.82			
						1,20,72,421	(ii) Payable outside India	40,86,875.55		1,57,09,797.37	
	Note:— The cost of furniture and fixtures purchased during the year have been capitalised which were hitherto written off in the year of purchase					Nil					
						Nil	7. Constituents' Liabilities for acceptances, en- dorsements and other Obligations (as per contra)			17,10,632.00	
						82,606	8. Premises, Less Depreciation			Nil	
						Nil	9. Furniture and Fixtures, Less Depreciation			5,080.34	
						1,01,66,870	10. Other Assets:				
						43,18,410	Stamps, Sundry Deposits, Stationery, Prepaid Expenses and Charges	78,298.60			
						1,44,85,280	Advance Payment of Tax	3,78,807.78			
						1,20,72,421	Adjusting Accounts	4,19,369.86			
						Nil				8,66,475.24	
						Nil	11. Non-Banking Assets Acquired in Satisfaction of Claims			Nil	
						17,00,790					
						Nil					
10,21,45,027	Total .. Ra.			9,54,62,178.78		10,21,45,027	Total .. Ra.			9,54,62,178.78	

Bombay 29th March, 1971.

This is the Balance Sheet referred to in our report of even date.
(90) PRICE WATERHOUSE FRAT & CO.
Chartered Accountants.

S. B. BANSAL
Member of the Institute of Chartered Accountants of India

Profit and Loss Account of the Indian Branch for the Year Ended 31st December, 1970

31-12-1969	EXPENDITURE	Rs.	P.	31-12-1969	INCOME	Rs.	P.
					(Loss Provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions)		
23,91,025	1. Interest paid on Deposits, Borrowings, etc.	23,45,225	42				
13,84,370	2. Salaries and Allowances and Provident Fund	15,57,454	20	38,53,654	1. Interest and Discount	42,17,068	60
1,326	3. Directors' and Local Committee Members' Fee and Allowances.	1,159	54	12,23,228	2. Commission, Exchange and Brokerage	1,28,097	77
1,20,521	4. Rent, Taxes, Insurance, Lighting, etc.	1,27,929	28	Nil	3. Rents	Nil	
13,164	5. Law Charges	5,410	70	89,500	4. Net profit on Sale of Investments, Gold and Silver, Land, Premises and other Assets (not credited to Reserve or any other particular Fund or Account)	90,981	25
28,855	6. Postage, Telegrams and Stamps	38,442	97	Nil	5. Net Profit on revaluation of Investments, Gold and Silver, Land, Premises and other Assets (not credited to Reserve or any particular Fund or Account)	Nil	
2,700	7. Auditors' Fees	3,500	00	3,629	6. Income from non-banking assets, and profit from sale of or dealing with such assets	Nil	
18,949	8. Depreciation on and Repairs to the Banking Company's Property	27,764	04	81,000	7. Other Receipts	48,000	00
53,614	9. Stationery, Printing, Advertisement, etc.	75,486	07				
Nil	10. Loss from Sale of or dealing with Non-banking Assets	Nil					
10,52,640	11. Other Expenditure including provision for taxation and proportion of London Office Administration charges net after adjustment of Rs. 40,418/- in respect of earlier year	12,51,563	71				
1,82,807	12. Balance of Profit for the year	3,30,551	70				
62,60,071	Total	67,61,417	62	62,60,071	Total	67,61,417	62

Note:—

Particulars of Chief Executive Officer's Remuneration:—

	1969	1970
	Rs. P.	Rs. P.
(i) Salary	58,500 00	63,000 00
(ii) Allowances	20,547 16	27,460 91
(iii) Bonus		5,500 00
(iv) Perquisites and Other Benefits	18,653 03	21,000 66
Total	Rs. 1,06,600 18	1,17,311 57

R. B. REES
Manager, Bombay, and
Chief Executive Officer, India.

Auditors' Report on the Indian Branch of the British Bank of The Middle East under Section 30 of the Banking Regulation Act, 1949.

We have audited the Balance Sheet of the Indian Branch, of the British Bank of the Middle East at 31st December, 1970, signed by us under reference to this report, and the relative Profit and Loss Account with the books of account of the Branch maintained in Bombay.

In accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, read with the provisions of Section 211 (1), (2) and (3) and 227 (5) of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn up in accordance with Schedule VI of the Companies Act, 1956, but are in conformity with Forms 'A' and 'B' of the Third Schedule of the Banking Regulation Act, 1949.

We report as under:—

Subject to and read with the foregoing:—

(a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for our audit.

(b) In our opinion proper books of account as required by law have been kept by the Indian Branch so far as appears from our examination of those books.

(c) The abovementioned Balance Sheet and Profit and Loss Account are in agreement with the books of account.

(d) In our opinion and to the best of our information and according to the explanations given to us such Balance Sheet and Profit and Loss Account, together with the notes thereon, give the information required by the Companies Act, 1956, in the manner required for Banking Companies, and on such basis give respectively a true and fair view of the state of affairs of the Indian Branch as at 31st December, 1970 and their Profit for the year ended on that date.

BOMBAY, the 29th March, 1971.

(Sd) PRICE WATERHOUSE PEAT & CO.
Chartered Accountants.

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BALANCE SHEETS

DIVIDEND RAISED

Associated Bearing's results impressive

ASSOCIATED Bearing Co Ltd (Chairman: Mr A. Hydari, Bombay) has reported excellent performance for the year ended December 31, 1970. The company's sales have spurted to Rs 7.9 crores from Rs 5 crores in the previous year recording a rise of 56 per cent. The gross profit almost doubled to Rs 3.2 crores from Rs 1.7 crores in 1969. The net profit, after depreciation and taxation, increased to Rs 1.96 crores from Rs 1.11 crores. The dividend was stepped up to 121 per cent from 10 per cent.

The company's gross profit margin works out to 41.2 per cent against 33.6 per

cent. The ratio of net profit to net worth comes to 29.1 per cent (21.1 per cent).

During the year under review, ten new basic types of bearings were introduced raising the total number of basic types of bearings manufactured at the year-end to 73. An increase in production of around 60 per cent in 1970 over the previous year necessitated the carrying of higher inventories, which at Rs 4.53 crores were 29 per cent higher compared to 1969. However, increased sales enabled the company to reduce its total borrowings by Rs 89.72 lakhs,

resulting in a saving in interest charges of Rs 4.09 lakhs.

All the sterling balances representing the contribution of the foreign collaborators to the company's share capital, (kept abroad specifically to import capital goods) were fully utilised in the year under review. A further sum of Rs 35 lakhs was paid to the ICICI in the year under review reducing the loan amount to Rs 45 lakhs at the end of the year. This loan will be completely liquidated by April 1972.

The company's existing licensed capacity of three million ball bearings has almost been reached. An application to manufacture four million more ball bearings per

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	846.80	610.91	358.94	279.27
Sales ..	789.54	505.37	360.83	235.69
Other income ..	12.92	11.16	6.20	6.55
Stock adjustment (of finished goods) ..	+ 44.34	- 5.62	- 7.89	+ 37.03
Opening ..	44.14	49.76	57.05	20.82
Closing ..	88.48	44.14	49.76	57.05
Total expenses	521.16	340.96	290.44	225.72
Materials and stores ..	298.18	187.42	160.14	107.23
Salaries and wages ..	80.03	62.85	59.40	38.29
Other expenses ..	142.95	100.69	90.90	80.20
Gross profit ..	325.64	169.95	68.50	53.55
Depreciation ..	65.59	58.80	29.16	28.46
Profit before tax ..	260.05	111.15	39.34	25.09
Taxation ..	64.00	..	0.23	0.54
Profit after tax ..	196.05	111.15	39.11	24.25
Withdrawals from reserves and write-backs ..	..	4.58	..	31.00
Items of prior years ..	+ 0.16	- 2.38	..	..
Development rebate ..	25.28	66.00	5.00	..
Other reserves ..	120.03	10.00	35.00	..
Ordinary dividend ..	50.00	40.00	..	..
(121%) ..	(10%) ..	..	..	..
Carry forward ..	..	..	0.65	1.54
Market prices of ordinary shares (in rupees)	1970	1969	1968	1967
High ..	303.00	185.00	131.00	110.00
Low ..	150.00	125.00	79.00	79.50

annum has now been approved by the licensing committee subject to certain conditions. Similarly, the company's application for further expansion of its capacity to manufacture textile machinery components has also been approved. Letters of intent covering both the expansions are now awaited. There was further improvement on the export front in the year under review and higher targets for the current year have been set. □

Belsund Sugar

SALES of the Belsund Sugar Co Ltd (Chairman: Mr B. G. Bangur, Calcutta) for the year ended September 30, 1970 have slightly increased to Rs 2.1 crores from Rs 1.6 crores in the previous year. The gross profit was lower at Rs 13 lakhs (Rs 15 lakhs). The net profit, after depreciation and taxation, amounted to Rs 4 lakhs, same as in the previous year. The dividend was maintained at 13.33 per cent.

The company's gross profit margin works out to 6 per cent against 9.3 per cent. The ratio of net profit to net worth comes to 8 per cent (9.5 per cent).

During the year under review, cane crushed was 17.90 lakh quintals (11.60 lakh quintals) and sugar produced was 1.64 lakh

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quintals (1.16 lakh quintals). Yield was 9.17 per cent (10.02 per cent). The minimum cane price for the factory was fixed at Rs 7.75 per quintal and Rs 7.43 per quintal

(In lakhs of rupees)

	For the year ended 30th September			
	1970	1969	1968	1967
Total earnings	278.22	220.01	115.06	100.38
Sales including excise duty	209.19	163.65	111.33	105.68
Other income	0.03	4.77	4.61	4.42
Stock adjustment (of finished goods)	+62.40	+51.59	-0.78	-69.72
Opening	68.51	18.22	17.70	87.42
Closing	130.91	68.51	16.92	17.70
Total expenses	265.58	204.81	100.80	91.68
Materials and stores	171.16	136.97	63.54	47.65
Salaries and wages	10.96	17.28	13.24	11.38
Excise duty	58.81	38.12	13.45	24.71
Other expenses	15.85	12.43	10.66	8.04
Gross profit	12.64	15.20	14.17	8.70
Depreciation	5.14	3.82	2.94	3.11
Managing agency remuneration	0.21	1.12	1.06	0.72
Profit before tax	7.29	10.26	10.17	4.87
Taxation	8.50	6.70	5.40	3.55
Profit after tax	3.09	4.50	4.77	1.32
Write-backs	1.96	0.38	0.02	2.15
Development rebate	0.98	0.15	0.02	0.08
Other reserves	—	0.05	0.65	0.55
Ordinary dividend	3.90	3.90	3.90	2.92
Carry forward	(13.33%)	(13.33%)	(13.33%)	(10%)
Market prices of ordinary shares (in rupees):				
High	9.81	9.56	8.91	8.50
Low	8.06	7.00	7.02	7.44

for outstations. The acreage under sugarcane in the factory area has gone down considerably and in the 1970-71 season nearly 14 lakh quintals are expected to be crushed.

Smith, Stanistreet

SALES and claims of Smith, Stanistreet & Co Ltd (Chairman: Mr B. P. Sinha, Calcutta) for the year ended June 30, 1970 have slightly increased to Rs 4.6 crores from Rs 4.5 crores in the previous year. The gross profit was lower at Rs 15 lakhs (Rs 19 lakhs). The reduced profit was due to increased cost of raw and packaging

(In lakhs of rupees)

	For the year ended 30th June			
	1970	1969	1968	1967
Total earnings	418.11	462.89	398.94	350.64
Sales and claims	401.68	447.0	372.50	345.75
Other income	6.92	6.02	6.07	11.24
Stock adjustment (of finished goods)	-49.74	+8.68	+20.57	+2.55
Opening	107.52	98.94	78.27	75.72
Closing	87.78	107.52	98.94	78.27
Total expenses	405.40	443.61	382.77	339.13
Materials and stores	280.84	329.75	289.62	251.58
Salaries and wages	62.87	48.49	40.88	39.44
Excise duty	18.84	12.95	11.25	11.09
Other expenses	58.85	52.21	41.02	37.02
Gross profit	14.71	18.98	16.17	20.41
Depreciation	2.17	1.80	2.06	1.86
Profit before tax	12.54	17.18	14.11	18.55
Taxation	8.20	8.68	7.39	10.73
Profit after tax	4.34	8.50	6.72	7.82
Write-backs	4.04	0.23	0.18	—
Items of prior years	0.18	1.74	—	+0.17
Development rebate	0.17	0.07	0.14	0.43
Other reserves	4.86	1.66	1.82	1.51
Dividends:				
Preference	0.65	0.65	0.65	0.65
Ordinary	3.00	4.50	4.50	5.40
Carry forward	(10%)	(15%)	(15%)	(18%)
Market prices of ordinary shares (in rupees):				
High	8.12	7.94	10.12	9.25
Low	5.40	7.37	8.97	9.25

materials and higher wage bill. The net profit, after depreciation and taxation, amounted to Rs 4 lakhs (Rs 9 lakhs). The ordinary dividend has been slashed to 10 per cent from 15 per cent.

The company's gross profit margin works out to 3.3 per cent against 4.2 per

cent. The ratio of net profit to net worth comes to 7.8 per cent (15.5 per cent).

Having made adequate provision for depreciation, taxation, doubtful debts and development rebate reserve and other charges out of the current year's profit and bringing into account Rs 879 from the previous year, an amount of Rs 3.35 lakhs is transferred to the general reserve leaving a sum of Rs 2,720 carried forward to the next year.

Vaikundam Rubber

Proceeds of rubber of the Vaikundam Rubber Co Ltd, Trivandrum, for the year ended December 31, 1970 have declined to Rs 8.43 lakhs from Rs 9.90 lakhs in the previous year. The net profit, after providing Rs 2.27 lakhs (Rs 2.60 lakhs) for taxation, amounted to Rs 5 lakhs (Rs 5.5 lakhs). The dividend has been maintained at 15 per cent. Crop harvested during the year under review was 250 tonnes (244 tonnes) and sale price was Rs 5.11 (Rs 5.26) per kg. The total capital expenditure for the year was Rs 1.37 lakhs.

Ondal Coal

The Ondal Coal Co Ltd, Calcutta, has earned a net profit of Rs 1.34 lakhs for the year ended December 31, 1970 against Rs 1.29 lakhs in the previous year, after providing Rs 5,356 (Rs 4,032) for depreciation and Rs 91,539 (Rs 1.05 lakhs) for taxation. The ordinary dividend has been maintained at 10 per cent. The company's portfolio is represented by investments which are quoted on the Calcutta Stock Exchange with the exception of certain unquoted investments amounting to Rs 3 lakhs. The total market value of quoted investments as on December 31, 1970 amounts to Rs 11.83 lakhs.

Indian Tack and Nail

Sales of the Indian Tack and Nail Co Ltd, Calcutta, for the year ended December 31, 1970 have increased to Rs 28.31 lakhs from Rs 25.38 lakhs in the previous year. The net profit, after providing Rs 2.15 lakhs (Rs 2.11 lakhs) for depreciation and Rs 2.93 lakhs (Rs 1.10 lakhs) for taxation, amounted to Rs 2.17 lakhs (Rs 1.88 lakhs). The

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dividend has been stepped up by $\frac{1}{2}$ per cent to $5\frac{1}{2}$ per cent. The general reserve got Rs 2.13 lakhs (Rs 1.86 lakhs). To meet the rise in demand for cut hand tacks, the company went into a partial second shift working of the cut tack plant since the latter half of the year under review. There was a sharp decline in the production and sale of grooved tacks due to raw material difficulties and very high prices thereof.

Preliminaries

Mahindra and Mahindra

Income of Mahindra and Mahindra Ltd, Bombay, for the year ended October 31, 1970 has increased to Rs 32.46 crores

from Rs 29.46 crores in the previous year. The net profit, after providing Rs 36.99 lakhs (Rs 25.51 lakhs) for depreciation and Rs 30.50 lakhs (Rs 41 lakhs) for taxation, amounted to Rs 55.84 lakhs (Rs 41.16 lakhs). The ordinary dividend has been maintained at 11 per cent. Development rebate reserve claimed Rs 13.42 lakhs (Rs 4.98 lakhs). During the year under review, manufacturing activities of the company were at a much higher level than in the previous year. The demand for all products produced and serviced by the company continued to rise at a healthy rate calling for the expansion and rationalisation of manufacturing facilities. To undertake this expansion, different avenues to augment financial resources are being explored. The proposed merger of the Union Bank of India Ltd with the company is the first step in that direction.

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In the market

Shama Engine Valves

SHAMA Engine Valves Ltd (Registered Office: 14-F, Connaught Place, New Delhi) is offering for public subscription at par, 97,500 ordinary shares of Rs 10 each of the total value of Rs 9.75 lakhs and 5,250—9.3 per cent cumulative redeemable preference shares of Rs 100 each of the total value of Rs 5.25 lakhs. *The entire issue has been underwritten.

The subscription list will open on April 19 and will close on April 29 or earlier at the discretion of the directors but not before April 24. Application for ordinary shares must be for a minimum of 25 ordinary shares or multiple thereof, and for preference shares it must be five preference shares or multiple thereof.

The company was incorporated in 1961. It manufactures engine valves for internal combustion engines. Production commenced in 1963-64. Technical collaboration agreement was signed with the well-known firm of engine valve manufacturers, Bayerisches Leichtmetallwerk KG of West Germany.

Devidayal Cables

Total sales of Devidayal Cable Industries Ltd, Bombay, for the year ended December 31, 1970 have increased to Rs 5.14 crores from Rs 3.89 crores in the previous year. The net profit, after providing Rs 8.95 lakhs (Rs 8.58 lakhs) for depreciation and Rs 8.76 lakhs (Rs 1,852) for taxation, amounted to Rs 21.14 lakhs (Rs 14.66 lakhs). The ordinary dividend has been doubled to 10 per cent from 5 per cent.

Notice

SCHRADER-SCOVILL DUNCAN LIMITED

Registered Office:
31, Netaji Subhas Road, Calcutta-1

NOTICE

THE BOARD OF DIRECTORS HAVE decided to recommend at the forthcoming Annual General Meeting of the Members of the Company, to be held on Wednesday, the 28th April, 1971 at 3.00 p.m. the payment, within the statutory period, of a dividend of 25 per cent on Equity Share Capital in respect of the year ended 31st October, 1970, subject to deduction of tax, as may be applicable.

Pursuant to Section 154 of the Companies Act, 1956 the Register of Members and Share Transfer Books of the Company will remain closed from 21st to 28th April, 1971, both days inclusive, for the purpose of holding the Tenth Annual General Meeting of the Company on the aforesaid date.

By Order of the Board,
DUNCAN BROTHERS & CO., LTD.
Secretaries.

Dated the 8th April, 1971.

EQUITIES

Return to form

BOMBAY, April 14

WITH East Bengal as a factor already discounted, equities were in full form during the week with selected shares recording good gains. Budget uncertainties were there of course but the market seemed to be confident that the corporate sector would be spared additional burdens. The fear that the Government would increase the obligation of the industry in respect of controlled cloth and enhance the penalty for exemption receded, and by and large mills seem reconciled to setting aside 25 per cent of their total output to controlled cloth. The firmness in jute shares on Lyons Range was another factor behind the buoyancy of the market here.

Corporate reports continued to be encouraging and the excellent performance of the Tata group of textile mills contributed not a little to help sentiment and impart strength to the market. Tata Mills has returned to the dividend list after three years with a proposed 6 per cent for 1970. Ahmedabad Advance has proposed to step up the dividend by 3 per cent to 12 per cent. And so has Svadeshi.

Sentiment was also aided by reports that a leading operator who had been holding a huge block of steel shares was able to negotiate a deal and disburden himself of a large parcel of Tata Steel and Indian Iron shares. At the time of writing, Tata Steel was mentioned at Rs 105.50 and Indian Iron unofficially at Rs 12.25.

The time is approaching for Century's dividend, and knowledgeable sources confidently assert that the company is likely to step up the payment by three or four points. That was why Century came in for special attention. Not that it lacked attention at any time but reports of a higher dividend led to considerable replacement buying. National Rayon was also supported for the same reason. The directors of Century Enka have proposed a 6 per cent dividend. This is its maiden dividend; all the same the scrip came in for liquidation as the dividend fell short of expectations. At the time of writing, Century was mentioned at Rs 889 and Century Enka at Rs 350.

Some of the cash scrip like Zuari Agro and Nagpal scaled new highs with Nagpal at Rs 17 at the time of writing and Zuari at Rs 16.76. Sandvik Asia was also firm and the last quotation was Rs 314. The buying spree of the last few days in Scindia abated in view of the postponement of the sale of Jayanti Shipping shares. Among chemicals, Amar Dye was conspicuous and following the fulfilment of hopes about a higher dividend, the scrip advanced by several points before quoting at Rs 227.50. Money was a bit easy. Moreover, a lot of funds that had gone into applications for Garware Nylons issue came back on the market. This helped sentiment.

THE WEEK'S PRICE RANGE

	Closing quotations 6-4-1971	High	Low	Closing quotations 14-4-1971		Closing quotations 6-4-1971	High	Low	Closing quotations 14-4-1971
FORWARD					Miscellaneous				
Textiles					CASH				
Ahm. Advance (100)	226.00**	232.00	226.50	232.00**	Bombay Burmah (25)	46.00**	46.50	45.50	46.50**
Bombay Dyeing (25)	40.00**	40.25	39.40	40.75**	Hindustan Motors (10)	14.56**	13.08	12.84	14.56**
Central India (50)	45.50**	45.00	43.00	45.50**	Indian Copper (2 1/2)	8.96**	4.22	3.96	4.18**
Century (100)	889.00**	880.00	852.50	889.00**	Premier Automobiles (100)	55.00**	60.00	57.50	58.00**
Dawn (50)	71.00**	73.00	70.00	71.00**	Pre. Construction (50)	176.00**	155.00	153.00	176.00**
Elphinstone (50)	25.00**	25.00	24.00	24.00**	Shivrajpur (10)	7.40**	7.40	7.00	7.24**
Finlay (100)	150.00**	—	—	150.00**	Sirpur Paper (10)	14.00**	12.40	12.12	11.24**
Gokak (100)	150.00**	154.00	151.50	150.00**	Tata Oil (25)	68.00**	72.00	67.50	72.00**
Gwalior Rayon (10)	42.25**	40.50	38.75	42.25**	W. Coast Paper (100)	207.00**	213.00	208.00	213.00**
India United Ord. (10)	1.88**	1.40	1.34	1.88**	Wimco (100)	167.00**	161.00	100.00	167.00**
Khatana (100)	154.50**	156.00	154.00	156.00**	Textiles				
Kohinoor (100)	241.00**	240.00	228.00	241.00**	Baroda Rayon (100)	117.00	121.00	117.00	119.00
Morjee (100)	255.00**	251.00	278.00	255.00**	Bradbury (50)	47.00	355.00	355.00	47.00
National Rayon (100)	548.00**	550.00	612.00	548.00**	Century Enka (100)	845.00	152.00	151.00	152.00
Phoenix (100)	71.00**	73.00	71.00	71.00**	Gold Mohur (100)	152.00	162.00	151.00	162.00
Podar (10)	10.80**	10.00	9.92	10.80**	Indian Rayon (100)	77.00	80.00	76.00	80.00
Shreeenwas (100)	128.00**	128.00	126.00	127.00**	Lakshmi-Vishnu (100)	99.00	—	—	99.00
Simplex (50)	96.00**	107.00	105.50	96.00**	Madani (100)	875.00	382.50	372.50	380.00
Standard (100)	657.50**	678.00	656.00	678.00**	Modela Woolen (10)	9.00	10.32	9.00	10.32
Svadeshi (100)	147.50**	159.00	148.00	147.50**	Raghuvanshi (100)	91.50	—	—	91.50
Swan (100)	147.00**	147.00	146.50	147.00**	Raymond Woolen (10)	19.00	19.36	19.24	19.36
Tata Mills (25)	34.50**	36.00	32.50	34.50**	Shree Ram (100)	86.00	95.00	84.50	84.50
Electric					S. I. Viscose (100)	169.00	173.00	168.00	172.00
Ahmedabad (100)	108.75**	109.00	108.25	108.75**	Western India (250)	188.75	—	—	188.75
Andhra Valley (100)	157.50**	157.50	156.50	157.50**	Insurance				
B. Suburban (100)	121.00**	121.00	120.50	121.00**	British India (10)	17.76	17.76	17.52	17.52
Tata Hydro (100)	121.00**	—	—	121.00**	Indian Mercantile (50)	77.00	77.00	75.00	75.00
Tata Power (100)	141.75**	141.75	140.75	141.75**	New Great (25)	39.25	—	—	39.25
Steel					New India (15)	45.75	46.00	45.00	45.00
Indian Iron (10)	16.50**	—	—	16.50**	Vulcan (10)	16.12	—	—	16.12
Mukand (10)	18.36**	19.00	18.32	18.36**	Electric				
Tata Steel (75)	101.00**	106.00	100.50	101.00**	Amalgamated (10)	10.08	10.12	10.00	10.08
Engineering					Surat (100)	125.00	125.50	125.00	125.50
Alcock (100)	82.00**	81.00	58.00	82.00**	Cement				
Cooper (100)	67.00**	67.00	66.00	67.00**	Mysore Cement (10)	17.20	—	—	17.20
Larsen & Toubro (10)	24.36**	24.36	23.88	24.36**	Saurashtra Cement (100)	172.50	176.25	172.50	176.25
Tata Eng. & Loco (100)	235.00**	254.00	236.50	235.00**	Paper				
SLM-Manekial (100)	245.00**	266.00	245.00	245.00**	Andhra Paper (100) (old)	136.00	—	—	136.00
Volta (100)	234.00**	218.00	212.00	234.00**	Anil Hardboards (100)	75.00	75.00	72.00	72.00
Dyes & Chem.					Jayant Paper (100)	142.50	145.00	142.50	142.50
Amar Dye-Chem. (100)	212.50**	230.00	215.00	212.50**	Rohit (100)	111.00	115.00	112.00	115.00
Indian Dye-Stuff (100)	340.50**	341.50	332.50	340.50**	Steel Metals & Alloys				
Polychem (50)	122.00**	128.00	122.00	122.00**	Ferro Alloys (100)	92.50	93.50	91.00	93.50
Tata Chemicals (10)	29.75**	30.00	29.25	29.75**	Hind Aluminium (10)	86.50	89.00	86.25	86.75
Shipping					Khandwala Ferro (100)	160.00	160.00	159.00	160.00
Great Eastern (10)	36.00**	36.50	35.50	36.00**	Engineering				
Scindia (20)	21.48**	22.50	21.76	21.48**	Associated Bearings (100)	267.00	304.00	297.00	303.00
Cement					Hind Tractors (100)	75.00	—	—	75.00
A.O.C. (100)	140.50**	140.00	136.50	140.50**	Jyoti (100)	128.00	—	—	128.00
Orissa (10)	18.64**	18.68	18.56	18.64**	Kirloskar Oil (10)	17.00	17.12	16.76	16.88
Shree Digvijay (100)	147.00**	147.00	146.00	147.00**	Mahindra (10)	15.88	16.24	15.88	16.00
Sugar					New Standard (100)	101.00	105.00	101.00	108.00
Delapur (50)	85.00**	88.00	83.80	85.00**	Sandvik Asia (100)	293.00	314.00	298.00	314.00
Maharashtra (50)	96.00**	99.00	98.00	96.00**	T. Mapekial (100)	390.00	390.00	385.00	390.00
Phaltan (50)	71.00**	77.00	70.00	71.00**	Zenith Steel (10)	16.76	17.00	16.76	17.00
Walchandnagar (100)	73.00**	73.50	70.00	73.00**	Cables & Elec.				
Chemicals					Asian Cables (100)	79.00	87.00	80.00	81.00
Bayer (India) (100)	247.00	249.00	247.50	247.00	Crompton Greaves (100)	227.50	—	—	227.50
Chem. & Fibres (10)	45.00	48.75	44.75	45.00	Mahendra Elec. (100)	119.00	—	—	119.00
Colour-Chem. (100)	232.75	260.25	252.55	260.25	Standard Batteries (100)	219.50	—	—	219.50
Ref. Organic (100)	241.00	244.00	239.00	244.00	Miscellaneous				
Pfizer (10)	36.25	37.50	36.25	36.25	Champher & Allied (100)	235.50	—	—	235.50
Polyolefin Ind. (100)	254.00	262.00	249.00	262.00	Coat Tyres (100)	248.75	255.00	246.25	255.00
Sandox (10)	18.52	21.24	18.52	21.24	Fibre Glass (10)	16.00	16.76	16.24	16.76
Synthetics (100)	183.00	188.50	181.00	188.50	Gammon India (10)	6.28	6.28	6.12	6.12
Miscellaneous					Hindustan Lever (10)	23.76	23.88	23.80	23.88
Champher & Allied (100)	235.50	—	—	235.50	Killik Nixon (100)	96.00	—	—	96.00
Coat Tyres (100)	248.75	255.00	246.25	255.00	Motor Industries (100)	242.50	457.50	442.50	455.00
Fibre Glass (10)	16.00	16.76	16.24	16.76	P. Magneta (100)	152.00	167.50	154.00	167.50
Gammon India (10)	6.28	6.28	6.12	6.12	W. H. Brady (150)	150.00	—	—	150.00
Hindustan Lever (10)	23.76	23.88	23.80	23.88					
Killik Nixon (100)	96.00	—	—	96.00					
Motor Industries (100)	242.50	457.50	442.50	455.00					
P. Magneta (100)	152.00	167.50	154.00	167.50					
W. H. Brady (150)	150.00	—	—	150.00					

* Ex-dividend.

† Cum-right.

‡ Ex-right.

** Business for Hand Delivery.

†† Squaring up deals.

Note: Figures within brackets indicate the paid-up value of shares. Whenever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

COMMODITIES

Spot cotton moves down

BOMBAY, April 13

A sharp setback in prices featured trading conditions in the cotton market during the past week. The price fall ranged from Rs 50 to as much as Rs 400 per candy. The virtual disappearance of demand following tight monetary conditions has brought about this distinct decline in values. The spinners' hesitation to extend their commitments was further influenced by the uncertainty over the Government proposal to raise the reserve quota for controlled varieties to as much as 50 per cent of the total production.

In the import section, while there have been indications to show that the Cotton Corporation of India had geared up its activities to some extent to expedite action on getting imports of cotton and staple fibre, by sending out circulars calling for offers, the importers are hard put to it to find sufficient

funds to finance their purchases. The credit squeeze is verily a stranglehold on them. On top of this, they find that some of the mills too want them, the importers, to carry cotton on behalf of the mills, a tall order in the prevailing circumstances.

The following has been the price trend of some of the leading varieties:

	(Rs per candy)	
	For the week ended Apr. 14	For the week ended Apr. 8
Khandesh	3,300	2,550-2,700
Borar AK	2,100-2,350	2,100-2,200
Digvijay Dabhoi ..	2,950-3,000	3,000
Borar L 147	2,600-2,700	2,500-2,700
Kalyan 797	2,200-2,250	2,125
Manavadar CO2 ..	2,750	2,700

In the meanwhile, cotton imports during the current season are placed at 193,670

bales against 412,244 bales during the corresponding period last year.

ART SILK YARNS EASIER

BOMBAY, April 14

A further downward trend in the prices of yarns was the feature of trading during the past week. Art silk yarns lost further ground during the week under review due to an improvement in the supply position from mills. The slack demand from up-country centres also imparted weakness. Staple fibre yarns were neglected at last week's levels. Cotton yarns were subdued.

In the art silk yarns section, 150D National Rayon lost 13 paise to Rs 16.89, 120D shed a like amount to Rs 18.81, 150D Bright Century declined by seven paise to Rs 16.53, 100D Bright South India receded by 14 paise to Rs 22.86, 120D Bright Century was neglected at last week's level of Rs 18.74. Staple fibre yarns (2x34 nF) spot Kiran was subdued at Rs 11.57, same as last week.

JUTE GOODS] BUOYANT

CALCUTTA, April 13

The civil war in East Bengal set in motion an upward price trend in the gunny market here during the past week. Fibre prices were also held fully firm at higher levels. No actual diversion of business from East Bengal has yet taken place, but overseas buyers are watching the events in East Bengal. Both the US and the USSR were in the market. The Government of India was yet holding out but the mills industry expected the DGS and D to place soon orders for B. twills. Some of the State governments, however, evinced interest, while the STC covered some quantity against its export commitments. Hessian 40" 10 oz scored fully firm at Rs 93 but had earlier scored from Rs 92.50 to Rs 95.50. B. twills rose from Rs 280 to Rs 285. As a precautionary measure, restrictions have been placed on hedge trading; the acquisition of fresh long positions in May 1971 delivery in hessian and B. twills hedge contracts has been prohibited.

Last week's rains have helped the growth of jute plants in the early-sown areas. Steps have already been taken to increase this year's crop to 8.4 million bales from 6 million bales last year. Last week arrivals aggregated 30,000 maunds per day, and these were readily absorbed, thus causing prices to rule fully firm at Rs 62.00, Rs 60.50, and Rs 58.50, for Daissee bottoms, Assam bottoms and northern bottoms, respectively.

OILSEEDS DIVERGENT

BOMBAY, April 14

Once again the trend in the oilseeds market was divergent. Castor futures were marked down, groundnut oil was quiet and while forward linseeds were steady, spot material was subdued. The undertone in groundnut oil, however, seemed to be strong in view of the revival of inquiry for extractions. Much to the relief of exporters, the Japanese Government is said to have agreed to permit import of extractions with one p.p.m. aflatoxin. There was disappointment however that the clause relating to 10 per cent was not withdrawn. The trade says that a majority of producers will not be able to sell on Japan.

The weakness in castor was due to heavy arrivals but support was expected to be forthcoming at lower levels. About 1,000 tonnes of linseeds have been tendered in the maturing linseeds contract while tenders in castor were nil.

Comparative prices in rupees were:

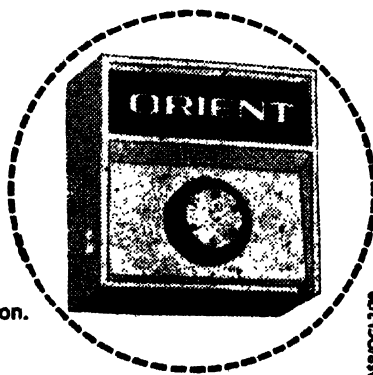
Item	6-4-1971	14-4-1971
Castor April	143.00	136.50
Castor June	138.25	133.37
Linseeds April	160.50	162.00
Linseeds July	157.25	157.75
G. Nuts Khandesh ..	192.00	190.00
G. Nut oil	42.80	43.20
Castor Madras Small ..	156.00	148.00
Castor Comm. oil ..	35.60	35.75
Castor B.S.S. oil ..	37.80	35.25
Linseeds Bold	160.00	156.00
Linseed oil f	26.35	26.89



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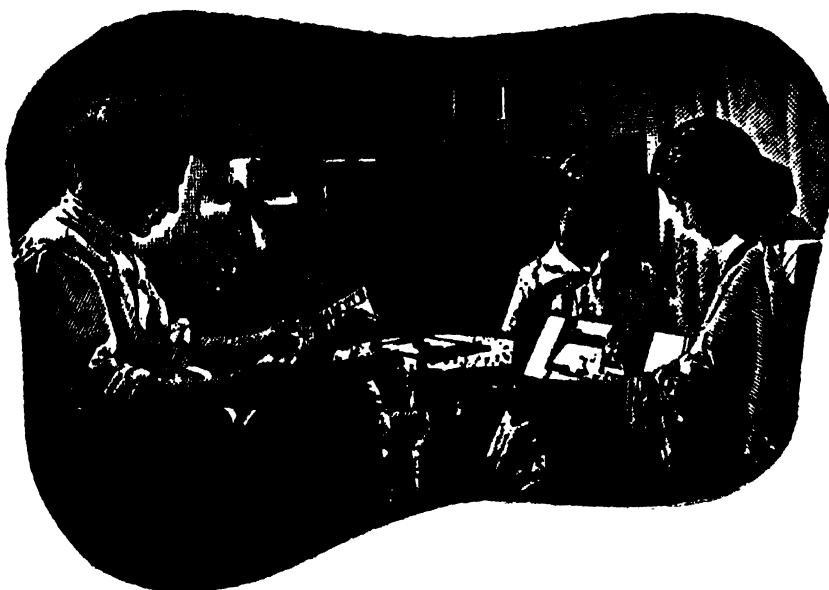
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GOOD DEMAND FOR TEA

CALCUTTA, April 13

The new season's sales commenced with the first auction taking place on April 5, when demand was sustained and all quality teas especially bright Darjeelings and Dooars CTCs rose much above brokers' valuation. Orthodox teas elicited keen competition. Offerings totalled only 266 chests, but are expected to gradually rise in the forthcoming sales. The trade noted with satisfaction that despite higher stocks in the UK last week's London sale evidenced a good demand for North Indians with best and medium Assam CTCs gaining by a penny to two pence per lb.

At sale No 19, leaf offerings totalling 65,414 chests evinced good general demand. Plain orthodoxes and medium BOPs gained. CTC brokeners were firm, and fannings were readily absorbed at dearer rates. Whole leaf grades were sold well.

FOODGRAINS EASY

BOMBAY, April 13

During the past week, the prices of foodgrains continued to rule easy in the local foodgrains market. Moong was an exception to this trend. Among coarse grains, bajra (superior) at Rs 60-65 per quintal showed a fall of Rs 5 on account of poor demand.

Besides, the daily arrivals of bajra at 500 bags were satisfactory and the upcountry advices were discouraging. Malze also declined by Rs 2 to Rs 61 per quintal, due to the slackness in demand. Malze arrivals were limited. In pulses, gram (Punjab) receded by Rs 2 to Rs 80-82 per quintal owing to the increase in daily arrivals of new gram crop. Arrivals were placed at 1,800 bags a day. Urad (Khandesh new) at Rs 148-152 per quintal remained steady.

SUGAR RISES

BOMBAY, April 13

The prices of sugar (C-30) at Rs 194-198 per quintal firmed up by Rs 4-8 in the local sugar market on account of good demand. The current prices of sugar are higher by Rs 11 than the level a year ago. The arrivals were lower at about 800 bags, against the offtake of 1,000 bags. Further, the upcountry prices were encouraging. Today, about 3,500 bags of 'D' grade sugar were disposed off by the co-operative sugar factories at Rs 184.75-185 with ex-mill duty.

METALS STEADY

CALCUTTA, April 13

The demand for industrial non-ferrous metals and their scraps has been steadily on

the increase, with prices being well maintained, following the formation of a popular non-Marxist Government in W. Bengal.

The interim budget has sprung some unpleasant surprises. For instance, the drastic cuts in outlays in certain public sector projects including the Hindustan Copper plant would affect the overall demand for industrial production including non-ferrous semis. Another fear is the prospect of heavier taxation hinted by Mr Chavan. Industry circles thought that the excise net over the non-ferrous metals industry would be broadened in the forthcoming budget. In sustained demand, tin forged ahead from Rs 4,800 to Rs 4,900 per 100 kg. With supplies remaining tight and sellers reserved, clean copper wire scrap gained from Rs 1,355 to Rs 1,360. Virgin lead rose from Rs 421 to Rs 428, but zinc ingots eased from Rs 445 to Rs 440 as a result of the improved supply position.

DIZZY HEIGHTS FOR SILVER

BOMBAY, April 14

Silver has once again crossed the Rs 600-mark level. On Tuesday, it was fetching Rs 608 per kg in weekly delivery and Rs 610 in ready. Such a sharp rise in the price comes after two years. In September 1968, the white metal was quoted at Rs 633. The immediate reason for this buoyancy was said to be the cornering of about 2,000 bars (of 30 kg each) by one operator. But it would appear others have also been quite busy and the holdings of bulls are put at around 4,000 bars against the local stocks of 250 to 300 bars and of 500 bars all over the country. The bulls had taken courage from higher advices from overseas and the demand from smugglers which was currently of the order of 30 to 40 bars a day in Bombay alone. It could be that smugglers have been active because of the forecasts made by some financial experts that another currency storm may be expected this year. These predictions have been coming in since the announcement in the past two weeks of a cut in Bank rates in the UK, West Germany and other countries. Some have argued that we may eventually see a devaluation of the dollar or, if the US refuses to budge, an up-valuation of the deutsche mark, yen and some of the other strong currencies. Whether these experts prove right or wrong, the speculators have taken the hint and the smuggling activity in silver is an indicator. According to trade sources, a smuggler now makes a profit of over Rs 100 per kg. This calculation is based on the unofficial rate of Rs 13.5 per dollar and 174 cents an ounce of silver.

Silver (.996 fineness) which opened at Rs 593 wound up the week at Rs 607 today, with a net gain of Rs 20.50 over the week. Primary gold in unofficial trading commenced Rs 2 lower at Rs 181 and was steady at that level before closing at Rs 181.50 today. Standard gold in official trading began Rs 2 higher at Rs 194 and was traded at between Rs 193 and Rs 192 in subsequent sessions before winding up at Rs 194 today, the net gain over the week being Rs 2. Sovereign was fully maintained at Rs 174.

MONEY TIGHT

BOMBAY, April 14

Tight conditions continued to prevail in Bombay's short-term money market in the past week. The call rate ruled at 10 per cent. In Calcutta, renewals were effected at 10 per cent.

During the week ended April 2, foreign exchange reserves of the Reserve Bank of India rose by Rs 2.22 crores to Rs 352.65 crores. While foreign securities declined by Rs 5 crores to Rs 268.42 crores, balances held abroad increased by Rs 7.22 crores to Rs 84.23 crores. Notes in circulation expanded by Rs 41.68 crores to Rs 4,253.45 crores. Deposits of scheduled commercial banks with the Reserve Bank of India rose to Rs 217.95 crores from Rs 207.10 crores.

Week ended April 2 marked a rise of Rs 21.25 crores at Rs 4,694.91 crores in the total credit made available by scheduled commercial banks. Aggregate deposits increased to Rs 5,901.14 crores from Rs 5,843 crores. Borrowings from Reserve Bank were lower at Rs 356.11 crores (Rs 368.37 crores).

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FICCI ANNUAL SESSION

(Concluded from page 711)

Government and industry which, I believe, is very vital; and that is the need for a better rapport between the two. We have to look to the development of our country as an integral whole, not from any sectoral point of view. Whether the development takes place in the private or the public sector, it has to be for the welfare of the nation. To the extent that the Government and industry and business get together in trying to solve problems and put their shoulders to the wheel, to that extent will India emerge stronger in every respect. In the year that has passed, Madam Prime Minister, your colleagues in charge of economic portfolios were good enough to meet the Committee of the Federation and useful exchange of thoughts and ideas took place. It is my earnest plea that such ex-

changes will be kept up, and, may I express the hope that you also will kindly honour the Committee with your presence at one or two sessions, so that matters of common concern may be informally discussed? With the achievements which we already have on the economic front, with the great optimism which the Indian people seem to display in times of great crisis, and with the solid support of the people which you enjoy, we look forward to a period of substantial growth in the seventies in India. In the mighty task of building up the nation, I would like to see that there is a complete identity of thinking as between the Government and industry and business to enable us to do the utmost we can.

Fellow delegates, I should like to assure you that your Committee has always in mind the need to improve the quality and adequacy of service by the Federation which you are good enough to support.

During the last year we have given anxious thought as to what needs to be done to effectively project the image of the Federation before the public, the Government and our own members. It is not as if an old organisation like ours has to make a new bid to acquire a position in the national life. But, in a fast changing society, established institutions cannot rest on past achievements alone. Their future and usefulness will depend on the way opportunities for rendering service to the business community as such and to the public are seized. You will appreciate that while our secretariat is devoted and competent, it has to be strengthened to achieve new goals. It means additional expenditure. Therefore, we have been compelled to increase the subscriptions, and I must thank all the members for responding so handsomely. I do hope and trust that each one of you will enrol more members so that the work of the Federation can be intensified and enlarged. □

Notice

THE STANDARD MILLS COMPANY LIMITED

Registered Office:

Mafatlal House, Backbay Reclamation, BOMBAY-20 BR.

NOTICE IS HEREBY GIVEN THAT the SEVENTY-SIXTH ANNUAL GENERAL MEETING of the Members of THE STANDARD MILLS COMPANY LIMITED, will be held at the Tata Auditorium, Bombay House, Bruce Street, Bombay-1, on Thursday, 13th May, 1971 at 4.00 p.m. to transact the business specified in the Notice dated the 22nd March, 1971 posted to individual Members at their address registered with the Company.

The Register of Members and Transfer Books of the Company will remain closed from Thursday, 18th March, 1971 to Friday, 9th April, 1971, (both days inclusive) for the purpose of payment of Dividends.

The Dividends as recommended by the Directors when declared at the Annual General Meeting will be paid from Monday, 17th May, 1971 to Tuesday, 31st August, 1971 at all the offices in India of Central Bank of India and thereafter at the Registered Office of the Company during office hours, on all working days to those Members whose names stand on the Register of Members of the Company on 9th April, 1971.

A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

By Order of the Board

P. S. KANUNGO

Secretary.

Bombay,
22nd March, 1971.

Note: Members are requested to notify immediately any change in their registered address to the Company.

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4½%	4¾%
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6½%	6¾%
7½%	7¾%

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NATIONAL SAVINGS ORGANIZATION



dayp 70/644

Leipzig Fair

(Concluded from page 689)

this tractor story are limited in number and this correspondent was told that no reference to it had been made in the East German press.

However, some of the Indian importers who were at Leipzig and who generally were quite satisfied with their visit, were inclined to believe that our exporters had run into difficulties because we ourselves had not finalised our buying programme. This was the same thing as saying that because of the rupee trade arrangements the quantum of GDR imports from this country was linked to our imports from that country. But more than all this it could be that the goods displayed at Leipzig by our exporters did not find a priority in the list of imports prepared by the GDR planning authorities.

The point about central control on the GDR's foreign trade should not be overlooked in assessing the possible trend in exports and imports in future. A reference has been made earlier to the statement by

accounted for only 10.2 per cent. The balance of 6.3 per cent was made up by other items details of which are not available.

A major factor in the slow growth of exports of our non-traditional items to the GDR could be that we have not been able to present a list to them of semi-finished or finished products which they could profitably buy from us. On the other hand, our exporters have the difficulty that such techniques of market survey with which they are familiar are of little value in the context of the centralised planning of the economy in the GDR. For instance, for quite some time it has been said that there are vast possibilities of exporting castings to that country and that on the machinery side, investigations would reveal many possibilities not only in castings but in components also and possibly in complete machines as well. The same kind of hope is held out in the transport sector, apart from railway wagons. But little headway has been made in this direction.

Here it is the barrier of information that comes in the way. Indian exporters have little idea about how to study the GDR market. It is also doubtful whether

products India can offer to the GDR more competitively than other countries and what new lines our exporters could make offers to meet the requirements of the GDR organisations in keeping with their own production plans can be studied in depth only if there is constant access to information. The report also pin-points that the GDR buying organisations are not kept fully informed of India's existing and developing potential, which also needs to be rectified. Further, since the future scope for Indo-GDR trade lies in the diversification of India's exports, there is need for more opportunities for manufacturers and entrepreneurs of the two countries to meet as often as possible either in India or in the GDR.

When all this is said, no one should run away with the impression that participation in the Leipzig Fair is of little utility to this country. What needs to be appreciated is that even if it does not serve the purpose of entering into export deals with the GDR on the spot, the Fair could well serve the objective of bringing to the attention of the GDR the semi-finished and finished products which we are capable of exporting, apart from our traditional items. More than that, the Leipzig Fair could help project our industrial image, and this would be beneficial when it comes to trading with industrialised nations and developing countries. In other words, the Leipzig Fair should be looked upon by us as a promotional fair rather than as a trade fair.

Once this is acknowledged certain logical consequences follow. This year, even when about 140 enterprises took part in the spring fair, what were displayed in a major way were our traditional items. No one could get the slightest inkling after going round the Indian exhibits at the collective pavilion and in other halls of the tremendous progress we have made in the industrial field. This was a great disappointment to the Indian visitors to the fair. As it is, we are spending over Rs 5 lakhs in participating in this fair, and even if it means an expenditure of another two or three lakhs of rupees it should be worthwhile to induce our leading manufacturers of engineering and other goods to display their products at this fair. The Government of India is already meeting the cost of transport of exhibits to and from Leipzig and Indian manufacturers should not find it a heavy burden to send their goods to this fair.

But mere exhibition of goods will not be enough. There must be men there to explain the technical and other aspects of the exhibits, a point which is very much on the mind of the participating firms coming from the UK, Japan, West Germany and other industrialised countries. This correspondent was told by the representative of a prominent Indian manufacturer, who was satisfied by putting on some pictures of the machines his company turns out, that New Delhi was reluctant to permit Indian technical personnel to go to Leipzig and almost insisted upon the exhibitors employing the services of Indian students in Leipzig and other parts of the GDR on the ground that this was much cheaper than sending men from this country to the GDR. This is a short-sighted policy and needs to be revised if our participation in the Leipzig Fair is to prove meaningful. □

Commodity composition of exports from India to GDR

(Rs lakhs)

Commodities	1964-65	1965-66	1966-67*	1967-68*	1968-69*	Per cent to total in 1968-69
Traditional items						
Oil cakes	444	422	367	613	499	25.1
Jute manufactures	128	136	293	262	254	12.8
Leather	2	3	1	110	238	11.5
Coffee	147	222	140	149	209	10.5
Cashew kernels	152	132	183	152	170	8.6
Mica	52	100	82	69	85	4.3
Tobacco unmanufactured	58	57	91	96	78	3.9
Spices	44	24	50	45	45	2.3
Cow-fibre and yarn	23	51	137	38	38	1.9
Tea	35	38	148	71	36	1.8
Cotton piecegoods	37	18	Neg	27	15	0.8
Footwear	Neg	8	67	1	..	..
Total traditional items	1,122	1,211	1,559	1,633	1,657	83.5
Non-traditional items						
Engineering goods	13	46	62	80	196	9.9
Iron ore	29	10	30	121	6	0.3
Total non-traditional items	33	56	92	201	202	10.2
Others	137	106	288	197	125	6.3
Total (including others)	1,292	1,373	1,939	2,031	1,984	100.0

* Figures in post-devaluation rupee terms

the GDR Minister for External Economic Relations that his country's bi-lateral trade agreements with the developing countries provided increasing scope for export by these countries of their semi-finished and finished products. With the planned increase in trade between India and the GDR this should be the case. In fact, without such a trend developing it is not possible to visualise that the total trade between the two will grow at the envisaged rate of 10 per cent. But the progress made in this direction so far has been very limited. The table of commodity composition of our exports to the GDR published alongside brings out this very clearly. Even in 1968-69 traditional items accounted for 83.5 per cent of our total exports while non-traditional items composed of engineering goods and iron ore

our trade mission there can be helpful unless certain facilities are extended to it by the GDR authorities.

Both India and the GDR would appear to be aware of this problem of inadequate flow of information. To this awareness is to be traced the setting up last October in Bombay of an India-GDR trade group under the auspices of the Indian Council of Foreign Trade. A similar group is to be constituted in the GDR, and it is likely to be inaugurated at the time of the 1971 Leipzig Autumn Fair. How far these groups will serve their purpose is yet to be seen.

This point has been emphasised by the Indian Consul-General in a report on the GDR's foreign trade in 1969. It underlines that such matters as what specific

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	2-4-1971	26-3-1971	3-4-1970
Issue Department			
Notes held in Banking Department ..	5.40	9.59	26.71
Notes in circulation ..	4,258.45	4,211.77	3,916.97
Total notes issued ..	4,258.95	4,221.36	3,943.68
Gold coin and bullion ..	182.53	182.53	182.53
Foreign securities ..	268.42	273.42	351.42
Rupee coin ..	49.53	51.67	62.38
Government of India rupee securities ..	3,758.46	3,713.73	3,347.35
Banking Department			
Deposits of Central Government ..	362.47	250.55	88.15
Deposits of State Governments ..	2.38	13.37	4.60
Deposits of Scheduled Commercial Banks ..	217.95	207.10	164.79
Deposits of Scheduled State Co-operative Banks ..	12.49	9.33	10.44
Deposits of Non-Scheduled State Co-operative Banks ..	0.60	0.78	0.58
Deposits of other banks ..	0.34	0.26	0.44
Other Deposits ..	87.18	71.05	172.38
Other liabilities ..	703.75	688.67	607.46
Total liabilities or assets ..	1,387.24	1,241.71	1,048.90
Notes and coins ..	5.67	9.67	26.80
Balances held abroad ..	84.23	77.01	117.73
Loans and advances to—			
(i) Central Government ..	—	—	—
(ii) State Governments ..	430.09	249.51	189.19
Loans and advances to Scheduled Commercial Banks ..	356.11	368.37	213.19
Loans and advances to State Co-operative Banks ..	293.30	306.49	267.77
Other loans and advances ..	41.16	83.93	12.54
Bills purchased and discounted ..	17.56	38.08	71.64
Investments ..	109.16	113.15	104.47
Other assets ..	50.06	45.50	45.66

Notes: The gold reserves of Issue Department are valued at Rs 53.58 per 10 grams upto January 31, 1969 and at Rs 84.39 per 10 grams thereafter.

COST OF LIVING INDEX: 1970 (Base: 1960=100)

Centre	Industrial workers			Urban non-manual employees		
	Sept.	Oct.	Nov.	July	August	Sept.
Ahmedabad ..	177	181	177	173	172	176
Ajmer ..	189	186	N.A.	173	174	N.A.
Alwaye ..	201	200	199	(a)	(a)	(a)
Amritsar ..	183	188	N.A.	183	189	N.A.
Bangalore ..	187	188	191	170	173	173
Bombay ..	183	183	183	168	168	169
Calcutta ..	189	190	190	170	173	174
Delhi ..	200	204	203	174	175	175
Digboi ..	193	194	196	(a)	(a)	(a)
Gwalior ..	193	195	193	166	193	N.A.
Hyderabad ..	191	193	193	175	174	175
Jamshedpur ..	188	189	190	(a)	(a)	(a)
Kanpur ..	193	193	N.A.	170	177	N.A.
Madras ..	171	174	175	174	175	177
Nagpur ..	191	190	191	170	169	N.A.
Patna ..	(a)	(a)	(a)	193	193	194
Sambalpur ..	203	203	N.A.	175	179	N.A.
Shillong ..	(a)	(a)	(a)	168	169	167
Srinagar ..	170	173	N.A.	170	170	182
Trivandrum ..	(a)	(a)	(a)	176	178	180
Yamunanagar ..	197	198	N.A.	(a)	(a)	(a)
All-India ..	188	189	189	175	175	176
All-India (corresponding month of 1969) ..	179	178	177	168	169	169

(a) The original source of data does not cover this centre.

MONEY RATES*

	1971			1970
	Apr. 2	Mar. 26	Mar. 19	Apr. 3
Reserve Bank of India (Bank Rate) ..	6	6	6	5
Selected Major Scheduled Commercial Banks†				
Call money from Banks:				
Bombay ..	10.00	10.74	11.00	8.86
Calcutta ..	..	..	11.50	9.21
Madras ..	11.00	..	10.00	8.96

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.

† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	For the week ended (Friday)		
	2-4-1971	26-3-1971	3-4-1970
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	150.21	145.05	138.10
(ii) From others ..	2,623.03	2,560.77	2,292.28
(b) Borrowings from banks ..	30.57	29.51	31.92
(c) Others ..	147.50	146.29	134.57
2. Time liabilities—			
(a) Time deposits—			
(i) From banks ..	28.17	28.15	35.26
(ii) From others ..	3,278.11	3,282.23	2,813.54
(b) Borrowings from banks ..	9.03	9.70	6.10
(c) Others ..	41.37	40.82	30.28
3. Aggregate deposits (1) (a) (ii) + (2) (a) (ii)	5,901.14	5,843.00	5,105.82
4. Borrowings from Reserve Bank ..	356.11	358.37	213.19
(a) Against usance bills and/or promissory notes ..	179.96	202.40	74.21
(b) Others ..	176.15	155.97	138.98
5. Borrowings from State Bank and/or a notified Bank and the State Governments ..	47.96	47.28	54.67
6. Cash ..	168.81	168.66	144.02
7. Balances with Reserve Bank ..	203.16	195.76	184.80
8. Cash and balances with Reserve Bank ..	349.97	364.32	328.82
9. 8 as per cent of 3 ..	6.27	6.24	6.44
10. Balance with other banks in current account ..	79.37	73.02	63.21
11. Money at call and short notice ..	26.29	27.42	48.72
12. Investments in Government securities ..	1,361.02	1,363.58	1,201.99
13. 12 as per cent of 3 ..	23.06	23.34	23.54
14. Advances—			
(a) Loans, cash credits and overdrafts ..	3,718.65	3,702.87	3,300.38
(b) Due from banks ..	44.49	44.66	49.13
15. Inland bills purchased and discounted ..	765.61	758.45	503.57
16. Foreign bills purchased and discounted ..	210.65	212.34	194.63
17. Total Bank Credit (14 (a) + 15 + 16) ..	4,694.91	4,673.66	4,007.58
18. 17 as per cent of 3 ..	79.50	79.99	78.49

RBI INDEX NUMBERS OF SECURITY PRICES (1961-62=100)

Group and Sub-Group	Week ended		
	3rd Apr. 1971	6th Mar. 1971	4th Apr. 1970
GOVERNMENT AND SEMI-GOVERNMENT SECURITIES			
Total ..	97.8	97.5	99.2
Government of India ..	97.2	97.2	98.9
State Government ..	100.3	100.4	100.4
Semi-Government Institutions ..	100.6	100.7	101.1
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—Total ..	100.8	100.0	97.1
<i>Agriculture and Allied Activities ..</i>	88.7	89.1	87.0
Tea Plantations ..	69.7	70.0	67.8
Coffee Plantations ..	129.8	129.7	131.4
Rubber Plantations ..	146.0	151.6	158.0
<i>Mining and Quarrying: Total ..</i>	54.4	52.6	54.9
Coal ..	53.6	52.2	54.9
<i>Processing and Manufacturing ..</i>	97.1	96.5	94.0
<i>Processing and Mfg. (Foodstuffs, Textiles, etc.):</i>			
Total ..	82.8	82.7	80.7
Edible and Vegetable Oils ..	225.3	223.6	181.1
Sugar ..	73.2	75.1	84.6
Cotton Textiles ..	71.8	71.8	68.8
Jute Textiles ..	39.2	38.5	48.4
Silk, Woollen and Rayon Textiles ..	120.6	120.2	116.5
<i>Processing and Mfg. (Metals, Chemicals, etc.):</i>			
Total ..	102.5	101.8	101.3
Iron and Steel ..	98.0	99.2	119.1
Non-ferrous Metals—Basic ..	120.8	126.3	125.8
Electrical Machinery Appliances, etc. ..	130.6	128.0	107.5
Basic Industrial Chemicals ..	117.4	115.7	106.9
Other Chemical Products ..	148.3	150.8	158.8
<i>Processing and Mfg. (Others) ..</i>	124.9	122.7	112.7
Cement ..	113.7	112.3	106.5
Paper and Paper Products ..	154.0	151.7	131.3
Rubber and Rubber Products ..	163.1	159.0	145.3
<i>Other Industries: Total ..</i>	134.6	122.7	124.8
Electricity Generation and Supply ..	131.4	131.2	122.1
Shipping and Other Transport ..	310.9	303.2	277.3
VARIABLE DIVIDEND INDUSTRIAL SECURITIES—REGIONAL			
Bombay ..	114.4	113.6	111.2
Calcutta ..	95.7	94.4	91.4
Madras ..	88.1	87.5	86.1
Ahmedabad ..	79.9	80.2	82.6
Delhi ..	115.1	115.3	116.0

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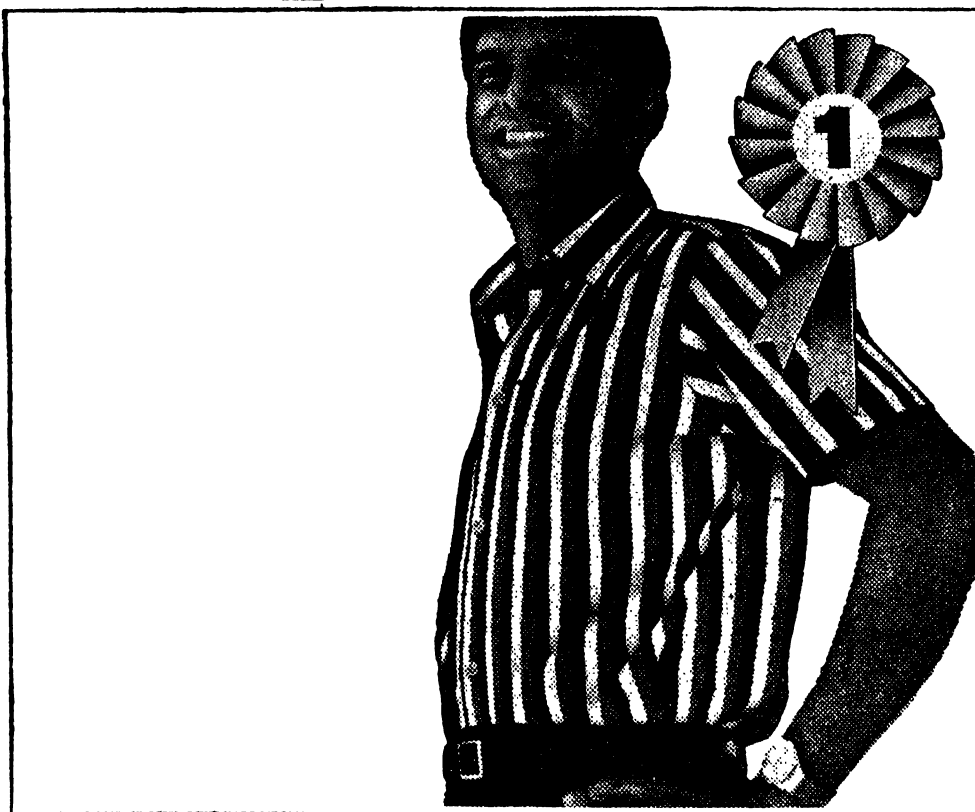
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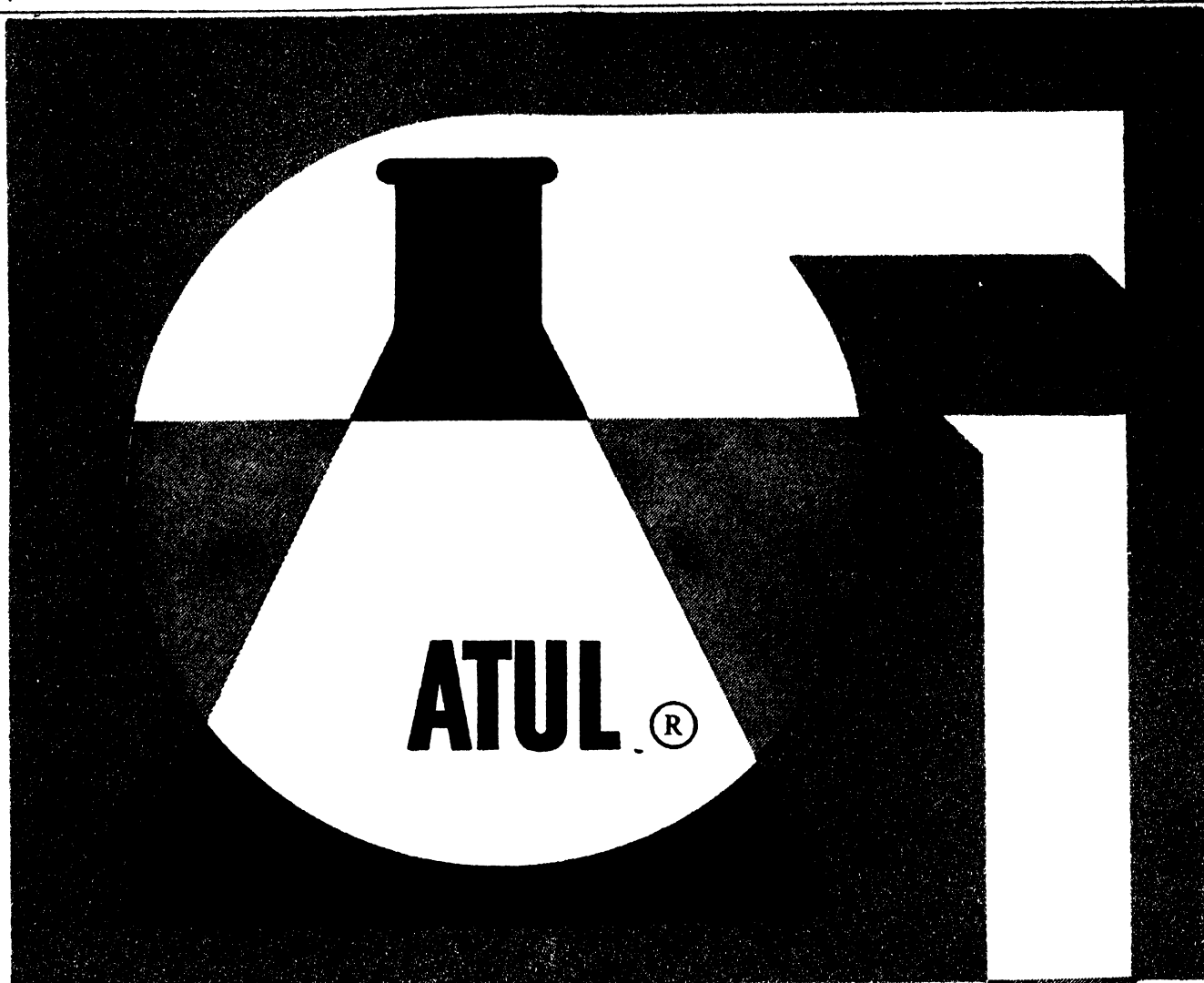
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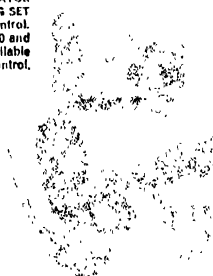
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APRIL 24, 1971

No. 3129

EDITOR:
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Slow-moving crash programme

IT was in October last year that an announcement was made about the crash programme for rural employment. Undoubtedly, as it was indicated on the eve of the elections, work was not to start until April 1, 1971. As the conference with the Chief Secretaries on the crash programme amply brought out, a beginning has still to be made. The main bottleneck is delay in financial sanctions from the Union Government. With these procedural delays, it is obvious that the short working season before the monsoons will also be lost: little work would in effect be done almost for a full year after the announcement. Perhaps not every State is ready for embarking on the programme. But for the few States that are ready, the conference of Chief Secretaries had the merit of enabling them to collect their sanctions before they returned to State capitals.

If the conference found State Governments ill-prepared, the reason could not lie in the unwillingness of States to accept from the Centre additional funds which would help them relieve rural poverty and misery. As the discussions made clear, the crash programme had many drawbacks of its own. These drawbacks will inevitably lead to further delays and might even end up in waste. It was difficult, as practically all the States except Rajasthan and Orissa pointed out, to implement the programme in its pristine purity. Daily wages in many areas were much higher than Rs 3 a day which are permissible under the crash programme. Legislation on minimum wages has sought to push them up nearer Rs 5 a day in Kerala and naturally

the State Government was unwilling to fall foul of its own efforts to improve rural wages.

In no State did it seem possible to find a thousand unemployed persons from each district who would stay the course of employment under the crash programme for full ten months at a stretch. There are the busy agricultural seasons when labour is so short that no rural worker is available, according to one Chief Secretary, "for love or money". That is why it was suggested that the working season should not be one and continuous of ten months' duration but should be broken up over the year into shorter periods. Unless this was done, Chief Secretaries seemed to suggest, there will be bare-faced dishonesty in maintaining lists of workers and preparing the bills.

Yet another condition which State Governments found difficult of fulfilment was that employment should be provided only to those who had no other earning member in the family. If indeed there is no earning member, the resulting poverty can be so stark that it may become necessary to employ two persons from the same family—wife and husband. It was unfortunate that the political brains behind the crash programme were not present throughout the deliberations of Chief Secretaries to face the blast of realism and to understand how far removed can thinking in New Delhi be from the felt needs and actual conditions in States. The demand for a higher component of expenditure on material and

for supervisory staff suggests that even at State headquarters, understanding of the scheme is not complete and that the nature and extent of rural poverty are not fully appreciated.

There was, nonetheless, sound advice from Development Commissioners and Chief Secretaries to prevent the crash programme from being placed on the wrong track. No longer can the States and the Centre persist with the belief that the crash programme can be implemented in all its entirety in all districts. The district in itself is an artificial administrative arrangement. It would be more sensible to start the programme in the most backward of the blocks. There was considerable wisdom in the suggestion made by some experienced participants that since employment was being offered at the door-step and to the neediest among the people, wages should in fact be kept lower than the prevailing market rates and employment be offered only to those locally available and not to imported labour. Much was said on the creation of durable assets which do not get washed away with the rains. But the creation of durable assets calls for planning and investigation. The whip-hand of Central authorities seemed to leave no room for careful preparation. It is still not too late to start the crash programme in the most backward districts to begin with. When sufficient experience is gained, the programme can be extended in modified forms to other blocks with pockets of under-employed manpower. Unless planning of the kind advocated by some Chief Secretaries goes into the implementation of the crash programme, this year's experience with it will become synonymous with wasteful and avoidable mistakes.

It could not be the Centre's vain ambition that New Delhi should stand out politically in the public mind as the only begetter of the crash programme. On the other hand, it should seek to profit from the caution and pragmatism of the Chief Secretaries and get for the under-employed the full developmental benefits of the financial outlay. In order to do this, it should have belated but good sense to ask the States for specific schemes, calculated to provide jobs to the under-employed, which are tailored to the needs of individual blocks, taluks or districts. Unless the intention is to cast the crash programme in the uniform mould of the earlier community development movement, there should be room for experimentation and for departure from the Centrally-set pattern. It may be easy to spend Rs 50 crores a year. However, for lasting benefits to the rural community to be left behind at the end of the programme, there should be less insistence on hasty action and greater attention to details of concrete schemes which must form an integral part of each district's plans for road-and-school building, minor irrigation, soil conservation and rural infrastructure.

ADB's opportunity

THE Asian Development Bank is faced with some crucial issues and last week's meeting of the Board of Governors at Singapore tried to grapple with them. The chief among them is the resources position of the Bank and, in particular, the need to enlarge them through an increase in the authorised capital stock of the Bank. The other is the need to earmark a larger proportion of the new capital resources for special funds. Other points raised at the meeting related to the methods of augmenting the Bank's resources and the complaint that the Bank was concentrating its efforts mainly on a few of the countries of South-East Asia. All the members were, however, appreciative of the work so far done by the Bank. Their criticisms and suggestions were obviously offered with a view to improving the usefulness of the Bank for this region.

Mr Y. B. Chavan had to point out that the developing countries' capacity to absorb loans on commercial terms had almost reached its limit. In the last decade, the countries of the region had borrowed loans on commercial terms to the extent of \$150 million yearly. This was perhaps the capacity level for these countries and it should not be exceeded during the seventies. This was the reason why one developing country after another emphasised at the meet-

ing the need for augmenting the special funds resources of the Bank, the loans from which are given on soft terms both as regards the period of repayment and the interest rate.

The emphasis on this point flowed from the fact that, while the Bank granted \$212 million loans from ordinary capital resources, those from the special funds resources amounted to \$33 million. These figures had a special relevance to deliberations of this year's meeting of the Bank because of the proposal to increase its capital base. If the policy of relying mainly on market borrowings for augmentation of resources were to be followed, it could result in pushing up the Bank's regular lending rate. During 1970 the old lending rate of 6½ was raised to 7½ per cent. The reason given in the annual report of the ADB is that this increase was unavoidable in view of substantial changes in market conditions in almost all the important capital markets. The yields on long-term bonds had gone up by more than one per cent and the costs of two bond issues by the Bank in 1969 and early 1970 were higher than the old lending rate. This shows that if the Bank were to rely on borrowing for its additional resources, the lending rates will have to be pushed up whenever the conditions in the capital markets so demanded. The meeting of the Board of Governors, therefore, unanimously passed a resolution asking the Board of Directors to promptly undertake a study of the need to enlarge the resources position of the Bank through an increase in the authorised capital stock.

Another aspect of this question of raising additional resources is one of currencies in which subscription to the capital should be made. Mr Iqbal Hosain of Pakistan made a relevant point when he argued that it would be difficult for the developing countries in the region to make substantial capital contributions in foreign exchange. These countries were short of these resources and they relied upon the Bank to satisfy a part of their need for foreign exchange. It would, therefore, be unrealistic to call upon them to subscribe to the Bank's capital in these currencies. The ADB has, therefore, to find a way out of the host of difficult problems with which it is faced. If the resources are to be raised through increased share capital and if the developing nations of the region are not in a position to make available foreign exchange resources, the only way in which the Bank can mobilise the needed resources is through raising capital from the affluent members of the Bank. The US representative, Mr John Petty, however, told the meeting that his country wanted the Bank to place growing reliance on borrowed resources. This would mean that the prospects of inducing the US to make a substantial contribution to the special funds of the Bank are rather dim. Japan is in a position to go to the help of the Bank and it remains to be seen how far this source would respond.

Another criticism of the Bank's operation was that more than half of the loans granted from ordinary capital resources went to South Korea, Singapore and Taiwan. It was pointed out on behalf of the Bank management that the loans were made to as many as 14 countries during the last year. This may be true. But there is some point in the criticism that three South-East Asian countries had got the lion's share of these loans. This might create an impression that some countries receive special treatment in these matters and the critics might argue that Tokyo seems to have a preponderant voice in the Bank's policy. Such an impression would be unfortunate. This is why special care should be taken to see that it does not grow.

In the final analysis the progress of Asia depends upon its own resources and upon the growing trade and economic co-operation among the countries of the continent. Here again, the trade pattern will have to be guided by the interests of all the countries of the region and especially of those that are struggling with the problems of rapid economic development. It should be the endeavour of relatively more affluent countries of the region to explore the possibilities of enlarging co-operation and trade on the twin principles of mutual help and greater support to the more needy.

ADB MEETING

Renewed plea for soft loans

From Our Correspondent

SINGAPORE.

THE fourth annual meeting of the Board of Governors of the Asian Development Bank, which concluded in Singapore over the week-end, has brought into sharp focus the need for a clear definition of the future role of this institution. From the trend of speeches made by the Finance Ministers from Asian developing countries it was evident that many of them had reservations about the direction followed by the Bank and doubts whether too much emphasis was being placed on the profitability of projects undertaken without reference to the social and economic needs and the balance of payments situation of the countries concerned. But apprehension that the Bank was tending to concentrate in the South-East Asian region were discounted by its President, Mr Takeshi Watanabe, who was unanimously re-elected for another term of five years from November. Mr Watanabe pointed out that loans amounting to \$37 million were granted to Pakistan and \$5 million to Afghanistan last year.

Yet, it was noted that of the \$212 million loans granted from ordinary capital resources last year, more than half went to the three South-East Asian countries: \$45 million to South Korea; \$37 million to Singapore; and \$31 million to Taiwan. During the same year loans from the special fund resources which carry nominal interest rates, were \$33 million bringing the total loan commitments to \$245 million, representing an increase of 150 per cent over 1969. The Bank's performance during the last year was hailed by all the 36 members although Asian developing countries called for more emphasis on contributions from the special fund instead of commercial loans which carry interest rates of up to 7.5 per cent.

The point of view of developing countries was spelt out by India's Finance Minister, Mr Y. B. Chavan, who pointed out that the absorption of loans on commercial terms by the region had been around \$150 million yearly during the last decade and the average during the seventies would or should not be substantially higher. He said that the level of new loan commitments of the Bank from ordinary resources exceeded \$200 million last year and it would be unrealistic to assume that the region would or should maintain this level of absorption. "It would clearly not be advisable to worsen this debt burden of Asian countries with a large volume of new loans on commercial terms", he added.

The major item on the agenda for the Singapore meeting was augmenting the resources of the Bank, and the Board of Governors unanimously passed a resolution asking the Board of Directors to promptly undertake a study of the resources position of the Bank and, in particular, the need to enlarge them through an increase in the authorised capital stock of the Bank. But the unanimity ended there with sharp divisions emerging on how such augmentation should be realised. The problem posed was what percentage of the

new capital stock should be in conventional resources and what percentage in concessional resources. Also, when ordinary resources are replenished, what percentage should be in paid-in capital and what percentage in callable capital.

Another point of divergence was whether the Bank should increase its capital stock or whether it should borrow money from world capital markets. Some of the developed countries felt that borrowing money in the capital market is the answer. The United States delegate, Mr John Petty discussing this point said bluntly: "We see a need for placing primary emphasis on a growing reliance on borrowed resources while maintaining a sound capital structure." But developing nations expressed the feeling that such borrowing would force the Bank to increase its already high lending rates and increase the burden of debt-servicing. Mr Chavan called for a comprehensive study of the question of resources with emphasis on the needs of the developing member-countries.

The case of the developing countries was put forward articulately by Pakistan's Iqbal Hosain who disagreed with Mr Petty and said the Bank should not depend on borrowings to an extent that it has to further increase its rate of interest. He said that he was not advocating that the additional resources should come wholly or mostly through additional capital subscription but that there should be a proper balance between borrowing and capital contribution.

Mr Hosain also pointed out that the developing regional member-countries which need assistance were usually not in a comfortable position with regard to foreign exchange resources and, therefore, could not afford any substantial capital contributions in foreign exchange. "It would be anomalous if these countries which need foreign exchange assistance are called upon at the same time to make large contributions in foreign exchange to the Bank", he added. But Mr Watanabe told a press conference at the end of the meeting that he was confident that a satisfactory formula could be found on this problem of how to increase the Bank's resources. It was perhaps inevitable that considerable attention should be devoted to the role of the special fund, and all developing nations emphasised the need to augment these resources so that low interest loans could be advanced.

Mr Chavan regretted that while loans from ordinary resources went up by 175 per cent last year, those from the special fund resources increased by only 55 per cent. "These figures would indicate that while the Bank has been successful in increasing its activities with ordinary resources, it has played a very modest role where special fund resources are the more appropriate mode of finance", he added. Mr Chavan called on the more advanced countries to pledge their contributions of concessional resources for the second development decade as a whole to give realism and clarity to the difficult job of planning for the future.

Developed countries did respond though not in the anticipated proportions. A total of \$52 million was pledged. Of this Japan was the biggest donor with \$30 million which, the Finance Minister, Takeo Fukuda said, would be completely untied. Other major contributions were from Belgium \$1.8 million, Germany \$17 million and Italy \$2 million.

The special funds also got a boost from the meeting's decision to set aside \$10 million, representing 10 per cent of the capital subscription payable in gold or in convertible currencies since 1969. A similar percentage set aside at the Sydney meeting two years ago, amounting to \$14.5 million, was also transferred to the special fund.

A novel suggestion on the utilisation of the special fund came from Pakistan's Iqbal Hosain who suggested that loans from the special funds should be restricted to countries with per capita income of less than \$200. He criticised the Bank for making decisions on the use of the special funds with little reference to the economic situation of the borrowing country and for being guided almost entirely by the nature of the project to be financed. Of the special fund loans, totalling \$64 million till the end of March this year, major recipients were Indonesia \$23 million, Nepal \$10 million, Ceylon \$7.75 million and Afghanistan \$5 million.

As the special fund contributions were becoming more and more untied in contrast to the situation four years ago, there was a growing demand that technical assistance contributions be also made fully untied so that developing countries could derive maximum advantage out of it. Mr Chavan, in announcing India's contribution of Rs 3 lakhs this year towards technical assistance which is 50 per cent more than last year's, expressed the hope that industrially advanced members would make their contributions fully untied and convertible. Mr Chavan also emphasised the need for trade promotion within the region and asked the Bank to study opportunities and procedures by which it could play its natural role in this respect. Mr Watanabe told pressmen that an expert from the Inter-American Bank, whom the Bank had invited, had collected some information on the matter. This had been circulated to the Board of Governors who have not come to any decision. Mr Watanabe pointed out that this was a complicated process and different from project investments and expected that any action on it would take time.

Speakers during the meeting advocated that the Bank diversify its activities and concern itself with family planning, vocational education and organisation of commodity and local products markets. Mr Watanabe replied that the Bank was a development institution but was prepared to take up new ventures within the framework of this main function. At a press conference Mr Watanabe said that a project in East Bengal for which the Bank had made a loan commitment would continue although physical limitations might delay its implementation. (See Documents for ADB report—Pages 756 and 758.)

MARKET GOSSIP

Monopoly in explosives?

THE announcement by the Imperial Chemical Industries of its bid to take over Atlas Chemical Industries, a speciality chemical and pharmaceutical concern with its headquarters in Wilmington, Delaware, has been headline news in British and American papers. It is indeed a big bid in which Britain's largest industrial group is to pay \$160 million (Rs 120 crores) to acquire Atlas Chemicals in order to expand the business of the ICI in the American market. The Chairman of the ICI, Mr Jack Callard, has underlined the importance of this market by stating that the American chemical industry is expanding at a rate which is adding the equivalent of one ICI group every year.

The news has evoked little interest in this country presumably because people believe that the entire move is one between American and British business. But there can be a fall-out from this merger which is of considerable significance to this country. At one time the ICI enjoyed a monopoly in this country in the explosives field. First, it was the importer of explosives and later on the ICI established Indian Explosives Ltd. The company had an advantage in that it had the resources and also the technical know-how. It was not till Indian Detonators Ltd was established that Indian Explosives Ltd had a rival. Because of the difficulties of obtaining the know-how from British and American sources, Indian Detonators initially had to depend on Hungarian collaboration. Later, however, Indian Detonators entered into a technical and financial collaboration agreement with Atlas Chemical Industries which now holds 50 per cent of the total equity share capital of the company. Originally, shares worth Rs 50 lakhs were allotted to Atlas Chemicals for payment made by it in US dollars and subsequently bonus shares were received along with attractive dividend. With the merger of Atlas Chemicals Industries in the ICI, these shares will be passed on to the latter, which means that the ICI will exercise control over both Indian Explosives and Indian Detonators. It is true that the Government of India has a stake in Indian Explosives. But this was never a big one. Initially, the Government held 17.5 per cent of the shares against ICI's 70 per cent and 12.5 per cent by the public. But after the public issue in 1967 for establishing the Kanpur fertiliser project, the company's share capital underwent a change which reduced the holdings of the Government of India to 12.75 per cent and of the ICI to 51.02 per cent but raised that of the public to 26.22 per cent. The International Finance Corporation also moved in with a share of 10.01 per cent.

With 51 per cent share capital in Indian Explosives and 50 per cent in Indian Detonators, the ICI would again be dominating in the field of explosives in this country. One wonders what policy the Foreign Investment Board would formulate in this and similar cases. Merger moves are on the increase in Britain and the United States. Very recently Burmah-Oil,

which is a 50 per cent partner with the Government in Oil India, announced a decision to merge with the American Continental Oil Company, and New Delhi has already been apprised by representatives of Burmah-Oil of this move. The sooner a decision is taken by the Government on the policy to be followed in such cases, the better for the nation's economy since the issue of a possible foreign domination in strategic fields of the economy is involved. □

Mahindra-UBI merger

THE scheme of amalgamation of the Union Bank of India Ltd with Mahindra and Mahindra Ltd has now gone back to the Bombay High Court. Under the directions of the High Court, the two companies had held separate meetings of their shareholders and these meetings approved the scheme of amalgamation, earlier proposed by the boards of directors of the two companies, with one modification. This modification related to the option given to the shareholders of the Union Bank of India Ltd to convert after a period of five years the bonds that they would be receiving from Mahindra and Mahindra. The amalgamation scheme had provided that every shareholder of two shares of the Union Bank of India Ltd, which has received a compensation of Rs 3.10 crores from the Government, would be entitled to receive one equity share of Mahindra and Mahindra of the paid-up value of Rs 10 and one convertible bond of Rs 6 bearing an interest at 8 per cent per annum, redeemable after 8/12 years. But there was the option given for the conversion of 10 bonds of Rs 6 each into three shares of Mahindra and Mahindra at the end of five years. Under the modification proposed by the LIC and the UTI and accepted by the shareholders, the conversion of bonds after five years would be at a premium of Rs 8 instead of Rs 10. The net effect will be that holders of these convertible bonds would be entitled to receive three equity shares of Mahindra and Mahindra against nine instead of 10 convertible bonds. Mahindra's share is currently quoted at Rs 15.76.

It was earlier envisaged that the scheme would come into force from May 1, 1971. This is now not so sure but efforts are being made to see if the necessary legal sanctions can be obtained before the High Court vacation starts next month. Market circles are keenly awaiting the Government's reaction to the amalgamation scheme. It is being pointed out that the Union Government had in the case of the merger of the Central Bank of India Ltd with Telco raised the point about this merger attracting the provisions of the Monopolies Act. The objection was then overruled by the High Court. □

Cotton: A storm in tea cup

A POSSIBLE confrontation between the Maharashtra State Government and the Centre on the former's scheme of monopoly purchase of cotton seems to have been averted. Latest reports suggest that New Delhi would soon give green signal

to Maharashtra to go ahead with its scheme. The Centre seems to have re-lented in its opposition following a meeting between the Union Minister for Finance, Mr Y. B. Chavan, and Union Minister for Foreign Trade, Mr L. N. Mishra. In the State Assembly last week, the Minister for Co-operation, Mr Y. J. Mohite, had declared that the State would "battle it out" with the Centre if the latter was not prepared to give the clearance.

The State Government is awaiting a communication from the Centre which reportedly wants two significant amendments made in the legislation to be introduced in the State Assembly. The Centre wants to ensure that monopoly procurement of cotton in Maharashtra is done at prices fixed by it. As and when the Cotton Corporation of India takes full charge of the purchases of cotton in the domestic market, the agency of the State Government should become an agency of the Corporation. The State Government, it seems, has no objection to both these suggestions.

Maharashtra produces about 17 lakh bales of cotton valued around Rs 160 crores. Market circles are wondering what proportion of a trade of this dimension would be taken over by the governmental agency. As it is, the necessary legislation is yet to be enacted. Provision of suitable administrative machinery and finance would be the two main tasks facing the State Government. The Government's contention is that its entry in jowar and other agricultural commodities markets had ensured a fair price to the producer. This had also brought about an increase in yield per acre. The implied suggestion is that similar would be the experience with cotton where productivity has assumed so much significance. □

Cheaper coffee

LAST February the revised estimate of 1970-71 coffee crop was placed at 82,000 tonnes, as against the previous estimate of 75,000 tonnes. In the light of this revised estimate, the Marketing Committee of the Coffee Board decided then to allocate 40,000 tonnes for the internal market during the calendar year 1971. The committee had also recommended that a quantity of 36,000 tonnes be earmarked for export out of the 1970-71 crop to cover the requirements of both quota countries and non-quota countries.

Coffee prices have declined considerably since February. It is reported from Coimbatore that in the auction held on March 30 prices touched the rock-bottom level as bidders were scarce. The bumper crop of 1970-71, estimated by the trade at 90,000 tonnes has spelt not only lower average prices at recent auctions but also lower retail prices. The Coffee Board itself, which started selling seeds again from last January, has been supplying seeds to its depots for sale to the public at a price 2.5 per cent lower than the average auction prices. This selling policy of the Board is presumably intended to bring down retail prices further in the vast sector of private trade which handles about 80 per cent of all coffee sales to the public. □

SURVEY

THE PRIVILEGED SEAMEN

DID the Indian seamen who struck work for 17 days over the issue of bonus win their point? Perhaps, they have, though in part, although the agreement with the Indian National Shipowners' Association (INSA) that led to the calling off the strike does not directly provide for the payment of bonus. The National Union of Seafarers of India (NUSI) has agreed that the question should be looked into by the National Maritime Board (a bipartite body of shipowners, both foreign and Indian, and Indian seamen) by the end of this month. The NMB is to decide whether the bonus is to be paid at all to the seamen and, if so, what should be the quantum. If the Board itself finds it difficult to arrive at a solution, the representatives of INSA, according to the agreement, will convene another meeting with the representatives of seamen within 15 days from the date of meeting of the Board with a view to finally settling the issue. The implied understanding would appear to be that if the foreign shipowners refuse to pay the bonus—and in all likelihood this may be the case—the Indian shipowners would pay them something.

Whatever the final outcome, there is no doubt that the strike was most irresponsible. Apart from the fact that it held up exports, tied up 35 ships, and cost the shipowners at least about Rs 60 lakhs, excluding the loss caused owing to deprivation of opportunities to earn freight on overseas routes, the strike came within a few months of an accord that had promised industrial peace in the industry for two years. In last November only the shipowners had agreed to concede about 20 of the 30 demands that had been put up by seamen. Besides such benefits as increase in the earned leave and medical facilities, the wages of seamen were increased by Rs 30 with effect from November 1, 1970 and by a further Rs 10 with effect from November 1, 1971. What was also significant was that at the negotiations that preceded this agreement the demand for bonus, originally included in the charter of demands, was withdrawn by the NUSI. The renewal of this demand within a month of the agreement, therefore, came as a complete surprise to the shipping industry.

The case put up this time by the NUSI was that, whatever the provisions of the Bonus Act relating to seamen, there were port and dock workers who get *ex-gratia* payment in lieu of bonus. Even the highly paid officials of the Indian shipping companies reap the benefits of the Bonus Act. To the question then as to why the demand for bonus was withdrawn at the November negotiations, the replies of such leaders as Dr Shanti Patel and Mr K. K. Khadilkar implied that it was a strategy adopted at that time. There was also the answer that since the issue of bonus was not discussed at the November negotiations, going on strike on that issue was not a breach of the agreement then reached.

Obviously, the seamen know their strength (the Union Labour Minister, Mr R. K. Khadilkar, termed recently port and

dock workers and seamen a "privileged class"). Under the Merchant Shipping Act, Indian shipowners are rightly required to employ only Indian seamen. It is this which places the seamen in a strong position with the Indian shipowners. The seamen also know their limitations and that is why they are not so keen to press their demand for bonus with foreign shipowners who are neither covered by the Bonus Act nor are obliged to employ Indian seamen. They will prefer to employ Indian seamen so long as they find the services of these seamen cheaper compared to those of other nationality. If the Indian shipowners pay bonus it will be only under duress. For there was the threat from Mr S. R. Kulkarni, President, All-India Port and Dock Workers Federation, that the strike will be escalated to the other areas of the water front, and it could have meant the tying up of many more than 35 ships that suffered during the seamen's strike.

PING-PONG IN PEKING

EVENTS in the last two weeks have raised hopes for a detente in the Sino-US relations. First, came an invitation to the American ping-pong team for a friendly match in Peking which was promptly accepted by Washington. Simultaneously came the entry of American correspondents into China ostensibly to cover the ping-pong matches. President Nixon subsequently reciprocated the Chinese overtures by announcing major concessions in trade and travel such as permission for the use of American dollar for China trade, supply of fuel to Chinese ships and aircraft by American oil companies and freedom for the US vessels and aircraft to carry Chinese cargo between non-Chinese ports. All this, to quote a phrase by the Chinese Premier, Chou En-lai, has opened "a new page in the relations" between Washington and Peking.

Mr Chou En-lai, however, continues to make a distinction in his public utterances between the American people and the US Government. This is understandable in view of the antagonism between the two Governments ever since 1949 when the US Seventh Fleet was deployed to guard the Taiwan straits. This feeling might take time to subside. But whatever flirtations are there between China and the US, the question of Taiwan would overshadow the prospects of a full detente. The present thinking in the State Department is to get both China and Taiwan accepted as two different nations in the UN. This is obviously unacceptable to Peking as also to Taipei. Generalissimo Chiang Kai-shek continues to stake his claim as the *de jure* head of entire China and has apparently been taking all the necessary steps to face a Peking-Washington thaw. Apart from Taiwan, two other considerations that would weigh heavily with Washington are the reactions of Tokyo and Moscow. Japan is naturally concerned over any US effort to write off Taiwan as that country forms the first line of Japanese defence. For the Soviet Union any move between

Peking and Washington in the superpower triangle is a matter of vital concern. The easing of tensions between China and the US would place Washington in the enviable position of being able to play one communist power against another. □

HURDLES FOR SALEM PLANT

THE feasibility, in purely technical terms, of basing steel production on Neyveli lignite and Salem magnesite iron ore—both with their peculiar chemical characteristics—does not seem to have been established beyond the shadow of a doubt. Samples of lignite and iron ore were sent to Poland, East Germany and Japan in the fifties for experiments. That these experiments were probably none too conclusive from the standpoint of commercial production of steel on a large scale is a fear that has just been revived by the report that the Union Ministry of Steel is grappling with some unsolved technical problems. One such problem is posed by the original miscalculation relating to the sulphur content of the lignite char. The earlier belief that carbonisation would substantially reduce the sulphur content of Neyveli lignite has been belied in practice, for experience to-date has shown that the sulphur content of the char (that is, after carbonisation of crude lignite) is as high as 0.7 to 1.2 per cent. The kind of technology appropriate to dealing with this high sulphur content and the effect of such technology on the economics of manufacture of special steels are matters calling for another technoeconomic investigation.

Three other problems are posed by iron ore, limestone and dolomite, respectively. As for iron ore, it is said that the tests already carried out are inadequate from the twin standpoint of amenability to mining and grinding and of recovery ratios. The problem in respect of limestone is that deposits of this mineral available in Tamil Nadu are either poor in quality or, where good in quality, suffer from other defects. As for dolomite, it is not known whether adequate deposits of this important mineral raw material are available in suitable quality within the State. With so many technical and raw material problems remaining to be solved, the Salem steel plant project bristles with practical difficulties. The question is how well or how soon the Salem plant will manufacture special steels. □

A MINI-NATO FOR ASIA?

THE Five-power defence arrangement (Singapore, Malaysia, the UK, Australia and New Zealand) concluded last week in London makes a significant departure from the conventional treaties: it does not call for automatic retaliation in the event of any armed attack on Malaysia or Singapore by others. On the contrary, "the five Governments would immediately consult together" to decide what measures should be taken jointly or separately. The emphasis on the word "consult" thus limits the binding on ANZUK nations (Australia, New Zealand and the UK) to defend the two Asian countries, Singapore and Malaysia. The proposals accepted by the London

conference include broadly the setting up of (i) an air defence system for Singapore and Malaysia on September 1, (ii) an air defence council comprising senior representatives of each nation to run the air defence system and (iii) a joint consultative council to provide a forum for regular consultation on matters relating to defence arrangements.

The obvious question raised is against whom are these defence arrangements. As the British Prime Minister, Mr Heath, pointed out recently in the House of Commons, the external threat perceivable at the moment in the region lies in the guerilla forces north of the Malaysian border—Chin Peng and the remains of his Malaysian Communist Party. The continued stationing of ANZUK forces with a consultation machinery for defence arrangement might serve as a deterrent against any attempt to cause trouble by the Chin Peng bands. But beyond this the treaty seems to have not much relevance. □

STATE BUDGETS

Goa, Daman and Diu

ON March 22, the Chief Minister, Mr Dayanand B. Bandodkar, who is also the Finance Minister, presented the 1971-72 budget to the Assembly showing an overall deficit of Rs 12.96 crores. The revenue account, with receipts at Rs 7.64 crores and expenditure at Rs 15.36 crores, reveals a deficit of Rs 7.72 crores. This revenue deficit is expected to be met through grants-in-aid from the Central Government. The capital receipts are placed at Rs 7.62 crores and the capital expenditure at Rs 12.86 crores resulting in a deficit of Rs 5.24 crores on capital account. The Chief Minister expects that the deficit on capital account will be reduced by recoveries on account of receipts relating to Government schemes such as foodgrains, milk and fertilisers. As regards resource mobilisation, the Chief Minister has proposed to increase the duties on Indian-made foreign liquor and motor taxes which will yield additional Rs 17 lakhs to the State exchequer. The 1971-72 Annual Plan outlay of the Territory has been fixed at Rs 7.80 crores. Mr Bandodkar told the Assembly that the Planning Commission had agreed to increase the outlay by Rs 30 lakhs, if the Goa Government would mobilise additional resources to that extent during the next financial year.

Nagaland

MR Chitten Jamir, State Finance Minister, presented the 1971-72 budget to the State Assembly on March 22, 1971. The total expenditure envisaged in the budget is Rs 36.85 crores as against the total receipts of Rs 32.52 crores, resulting in an overall deficit of Rs 4.33 crores. Out of the total receipts, the State will contribute Rs 2.09 crores and the balance of Rs 30.43 crores will be met through Central assistance. No new taxes have been proposed to cover this deficit and a part of it is expected to be covered by rescheduling the rates of excise duties and taxes. The existing taxation measures will be implemented more effectively. The outlay for the 1971-72 Annual Plan of the State has been fixed at Rs 8 crores, as much as the anticipated Plan expenditure during 1970-71. According to the Finance Minister, the top priority in the 1971-72 Plan has been given to the construction of roads which are to be about one-fourth of the

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	Mar. 27, 1971	Mar. 20, 1971	Feb. 27, 1971	Mar. 28, 1970	Over a week ago	Over a month ago	Over a year ago	Over two years ago
Food articles ..	199.5	200.3	197.9	199.8	-0.4	0.8	-0.1	7.2
Industrial raw materials ..	189.7	192.3	198.6	185.9	-1.4	-4.5	2.9	11.7
Manufactures ..	180.5	180.7	180.1	149.1	-0.1	-0.2	7.6	15.1
All Commodities ..	189.3	181.0	180.7	175.7	-0.4	-0.2	2.6	9.3

Money and Banking

(Rs crores)

	Apr. 9, 1971	A week ago	A month ago	A year ago	Percentage variation		
		Apr. 2, 1971	Mar. 12, 1971	Apr. 10, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply ..	7,312 (a)	7,199	7,138	6,588	1.6	2.4	11.0
Bank credit ..	4,740	4,695	4,641	4,016	1.0	2.1	18.0
Bank deposits ..	5,933	5,901	5,861	5,082	0.5	1.2	16.7
Credit/deposit ratio ..	79.89	79.56	79.18	79.02	..	..	..
Foreign exchange reserves ..	779 (c)	774 (c)	793 (c)	834	0.6	-1.8	-6.6

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/Index			
Industrial production (seasonally adjusted) ..	1960=100	Nov. 70	179.0	179.1	-0.1	4.9
Exports ..	Rs crores	Jan. 71	144	151	-4.6	-0.7
Imports ..	Rs crores	Jan. 71	157	132	18.9	21.7
Trade balance ..	Rs crores	Jan. 71	-13	+19	..	..
Foreign exchange reserves ..	Rs crores	end-Mar. 71	772 (c)	780 (c)	-1.0	-0.4
Cost of living index ..	1960=100	Feb. 71	184	184	..	4.0

ANNUAL INDICATORS

	Unit	1969-70	1968-69	1964-65	Percentage variation over 1968-69	Annual rate of growth between 1964-65 and 1969-70
National income at 1960-61 prices ..	1960-61=100	134.4 (a)	127.4	119.7	5.5	2.3
Per capita income at 1960-61 prices ..	1960-61=100	108.0 (a)	104.9	108.7	3.0	-0.1
Agricultural production ..	1949-50=100	169.9	159.5	169.4	5.8	1.0
Foodgrains production ..	Million Tonnes	99.5	94.0	89.0	5.8	2.3
Industrial production ..	1960=100	174.5	163.7	144.8	6.8	3.9
Exports ..	Rs crores	1,409	1,354	1,256 (b)	4.1	1.9
Imports ..	Rs crores	1,568	1,909	2,126 (b)	-17.9	-5.9
Trade balance ..	Rs crores	-159	-555	-840 (b)	..	..
Foreign exchange reserves (year-end) ..	Rs crores	821	577	393	42.3	15.9
Money supply (average) ..	Rs crores	6,009	5,428	3,866	10.7	9.2
Bank credit (average) ..	Rs crores	3,583	3,107	1,808	15.3	14.7
Bank deposits (average) ..	Rs crores	4,731	4,079	2,467	16.0	13.9
Wholesale prices (average) ..	1961-62=100	171.5	165.4	122.3	9.7	7.0
Cost of living index — working class ..	1960=100	177	174	120	1.7	6.5

Notes :

- Estimated by Commerce Research Bureau.
- At post-devaluation rate.
- While estimating foreign exchange reserves, SDRs transactions that might have taken place February 28, 1971 have not been taken into account.
- The figures indicate percentage change during the current calendar year upto the month indicated as compared to corresponding period in the preceding calendar year.

Special statistics on capacity utilisation in major public sector units :

THE WEEK

THE Acting President of Bangla Desh, Mr Nazrul Islam, formally announced on April 17 the birth of a sovereign democratic republic of Bangla Desh at a function in Mujibnagar, about 150 km from Calcutta.

The Pakistan Deputy High Commissioner in Calcutta "defected" to the side of Bangla Desh on April 18. The Deputy High Commissioner, Mr Hossain Ali, hoisted the Bangla Desh flag on top of the mission building and declared his "total unequivocal allegiances to the independent, sovereign and democratic republic of Bangla Desh". Meanwhile, Pakistan has informed the Ministry of External Affairs that a new Deputy High Commissioner has been appointed in Calcutta—a West Pakistani, Mr Mehdi Masud—and has asked New Delhi to clear the premises of persons "who might have taken unlawful possession". India has replied that the possession of premises was an "internal matter" for Pakistan to settle.

Three weeks after the West Pakistani army launched its offensive in Bangla Desh, fighting continued all over the territory. The important town of Mymensingh in the east and Kushtia town in the western sector were still held by the Mukti Fouz. According to reports from across the border, Pakistan has been able to bring 24 Russian tanks to Dacca to strengthen its forces. There have also been reports of growing food shortage in towns.

The Union Minister for Shipping, Mr Raj Bahadur, announced on April 20 in Bombay that the Railway Board had agreed to provide five lakh tonnes of coal cargo annually to coastal shipping. Accordingly, 20,000 tonnes of railway coal will move from Calcutta to Tuticorin and another 20,000 tonnes from Calcutta to west coast per month.

Dr Jayanti Dharma Teja was brought under custody to India from London on April 16 to answer charges of misappropriation of the funds of Jayanti Shipping Co of which he was Chairman. He was produced before the Additional Chief Judicial Magistrate of New Delhi who remanded him in judicial custody till April 30.

According to an announcement by Mr H. G. Vartak, Food and Civil Supplies Minister of Maharashtra, in the State Assembly, wheat will be freely available throughout the State with effect from May 1. However, rationing in rice will continue. In the Greater Bombay rationing area the rice quantum per head per month would be increased from three to four kilos initially for the month of May. The decision will be reviewed thereafter. In other parts of the State, rice supply will be increased from two to three kilos and in villages from one and 1½ kilos to two kilos. All restrictions on the movement of paddy throughout Maharashtra, but excluding the Greater Bombay rationing area, has been removed upto September 30.

The Union Government announced on April 21 that the procurement price of all varieties of wheat other than indigenous red would continue to be Rs 76 per quintal in order to provide continued incentive to the farmer. The State Governments will fix the prices of indigenous red variety of

wheat in consultation with the Central Government but they would be at least Rs 2 lower than the price of standard variety. Procurement of wheat from the 1971-72 rabi crop will be four million tonnes. The issue prices of all varieties of wheat including amber variety will be fixed at Rs 78 per quintal for maintaining the price line.

Air-India's first jumbo jet "Emperor Ashoka" landed at the Santacruz airport on April 18. The first Commercial flight of the plane is scheduled for May 19. (See also Business Report)

The Supreme Court made an interim order on April 16 allowing the manufacturers of Ambassador, Fiat and Standard Herald (four-door model) cars to increase their ex-factory prices in accordance with the recommendations of the Car Prices Commission, but subject to the condition that they would have to refund the excess, if any, arising out of the prices fixed by the Court in its final order. The order was made pending disposal of writ petitions by the Premier Automobiles and others. The manufacturers of Ambassador Mark II are permitted to sell their cars for an ex-factory price not exceeding Rs 15,769, Fiat 1100 Rs 14,787 and Standard Herald Rs 15,220. The Court also directed that the manufacturers should pay the dealers' margin as per the recommendations of the Commission appointed by the Government—Rs 1,050 for Ambassador, Rs 900 for Fiat and Rs 860 for Standard Herald.

The Supreme Court stayed on April 16 the Kerala Government's ordinance acquiring unused forest lands in the Kannan Devan tea estates.

The Reserve Bank of India raised on April 17 the ceiling on the rate of interest for pre-shipment (packing) and post-shipment credits by 1 per cent to 7 per cent. The ceiling remains unchanged at 6 per cent for credit advanced to exporters for goods shipped on deferred payment terms.

India, Indonesia and Malaysia signed on April 21 in Manila an agreement to establish a pepper community to provide concerted action in solving problems of pepper marketing.

India signed the 10th yen credit agreement with Japan in Tokyo on April 20 amounting to Rs 19 crores. The credit is to help India purchase from Japan non-project commodities like steel, components for manufacturing plants, trucks, tractors and power tillers and fertilisers and chemicals. The loan carries a 5 per cent interest and is to be repaid in 20 years.

The Algerian Government froze all the assets of the French Renault car factory in Algeria on April 20. The immediate provocation for this step was the French threat to end its "special relationship" with Algeria.

The UAR, Libya and Syria agreed on April 17 on the formation of a federation to be called the "Federation of Arab Republics".

State budget

The Himachal Pradesh Finance Minister, Mr Karan Singh, presented the budget for 1971-72 to the State Assembly on April 16. The budget showed a deficit of Rs 30 lakhs and had no new tax proposals.

Money easy

Conditions in the Bombay short-term money market were easy as of Wednesday. The demand for funds was maintained. In the inter-bank call section both renewals and fresh money were reported at 7.50 per cent. In the Calcutta market the rate ruled at 6 per cent.

Price index down

At 180.3, the wholesale price index registered a fall of 0.4 per cent. It stood 2.6 per cent above the level a year ago.

PEOPLE

MR S. L. Mehta has been elected Chairman of the Indian Jute Mills' Association for 1971.

Mr Shantilal C. Kadakia has been elected President of the Paper Traders' Association for the year 1971.

Mr Madanlal K. Gupta has been elected President of the All-India Stainless Steel Industries Association for 1971.

50 years ago

The all-round slump in metals is fully reflected in the low rates that are now ruling for the shares of local producing companies. Like the flowers that bloom in spring the quoted prices of Bengal Brass at 3½, of Britannia Brass at 9½, and Bengal Lead at 5, have nothing to do with the case; but when we see the ten-rupee shares of Indo-Burma Tin quoted at 5, which was the fixed rate before the investments appreciated last week upon the strength of a favourable progress report; Burma Finance and Mining at 6½, and Mergui Tin Dredging at 3½ we may be sure that the weakness of the commodity market is more responsible for these all-round declensions than the depression in trade, adverse exchanges,

labour troubles and the money stringency. The causes that have led to the fall in these local share values are fairly general, nevertheless, and as the declension in base metals is no doubt based on the drooping tendency that now prevails in almost every mart it is impossible to completely disengage the downward movement from the phenomena that attend the world-wide slump. What applies to the metal trades is, indeed, applicable to most other trades in this respect; so that when we turn, as an example, to the report for 1920 of that well-known Cornish tin mining company, the East Pool and Agar, we find that its present difficulties and disabilities are similar, in many respects, to those of most other industrial undertakings.

COMMERCE

April 23, 1921

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REPORT

THE NATION

From Our Own Correspondents

WHEAT PRICES

The cost of pleasing farmers

NEW DELHI.

THE State Chief Ministers at their meeting with the Food and Agriculture Minister in New Delhi last week generally agreed to maintain the procurement prices of wheat in the new season at the existing levels. The Chief Ministers of Punjab and Haryana, the two major wheat-producing States, actually wanted an increase of Rs 4 to Rs 5 per quintal in the procurement prices on the plea that the cost of inputs had gone up. But the realisation that an increase in the issue prices of wheat released through the public distribution system cannot be avoided if the procurement prices were raised and that the resultant burden will have to be borne largely by the poorer sections of the people obviously influenced the majority of the Chief Ministers in favour of retaining the prevailing prices.

In fact, this was the main consideration that weighted with the Agricultural Prices Commission in recommending a slight downward revision of the procurement prices in the new season from Rs 76 to Rs 74 per quintal in the case of the indigenous white and Mexican varieties of wheat, and from Rs 71 to Rs 74 which is the price range for other varieties to Rs 68. The Commission rightly held that if the procurement prices remained unchanged and the issue prices were to be maintained at the present level in the interests of the vulnerable sections of the society, the Government would have to subsidise its food distribution operations to the extent of Rs 35 crores against Rs 10 crores in 1970-71. A subsidy of this order even under normal circumstances would be a heavy drain on the national exchequer. But when the country is in desperate need of resources for development, this subsidy is neither justified nor desirable. Yet, the Chief Ministers plumped for a massive increase in subsidy, as only by retaining the procurement and issue prices at existing levels they could avoid hurting directly the producer as well as the consumer. With the elections to many State Assemblies not far away, the Centre probably could not but acquiesce in this.

It is, however, welcome that the Chief Ministers have agreed to the procurement target of four million tonnes suggested by the Commission for the 1971-72 season. Since in the last season procurement was stepped up to 3.2 million tonnes from 2.4 million tonnes in 1968-69, it should not be difficult to procure an additional eight lakh tonnes in the current season. The stocks with the Central and State Governments increased from 4.3 million tonnes to 4.8 million tonnes during the 1970-71 season. If the procurement target for the new season is fulfilled, the Government will have achieved its objective of building up a buffer stock of five million tonnes. It should then be possible to put an

end to the import of foodgrains under PL 480 possibly by the end of this year as indeed is the Government's intention.

While the self-reliance that this will lead to in the matter of food supplies should be wholeheartedly welcomed, it has to be ensured that the elimination of the country's dependence on concessional foodgrains does not result in higher prices of wheat. With the steady decline in the proportion of imported wheat in the total quantity of wheat released through the public distribution system, the losses on distribution have been increasing because the landed cost of imported wheat has been much less than that of the indigenous varieties. The Government has been subsidising these losses. The losses will be of much greater magnitude when PL 480 food imports are stopped. But the Government can go on bearing this ever-increasing subsidy only to the detriment of its development activities.

A way out is to increase the issue prices of different varieties of wheat. These had more than doubled between 1964 and 1970. Any further increase in the issue prices will hit hard the poorer classes. At any rate, in the interest of price stabilisation which is an imperative this must be avoided. The alternative is to reduce the procurement prices. As the Commission has pointed out, the best way of providing incentives to cultivators is by protecting their profit margins through improvement in the efficiency of cultivation and the consequential reduction in the unit cost of output rather than through price support. □

INDUSTRIAL RELATIONS

Bane of politically organised unions

BOMBAY.

IN his presidential address to the 38th annual general meeting of the Employers Federation of India held in Bombay, Mr Naval H. Tata referred to some of the important problems concerning industrial relations in our country. The employers have complained repeatedly that trade unions are controlled by politically motivated leaders. This results in industrial disputes which could be avoided if political considerations are kept out. Referring to this, Mr Tata said: "This feature has unfortunately become a chronic ailment of our industrial relations which may, one day, reluctantly compel the employers to appeal to Government to permit us to recognise, as a bargaining agent, a committee of representatives directly elected from amongst the workers for collective bargaining at unit level, thus excluding

all outsiders. This may cut right across the trade union movement in the country, and I would hesitate to suggest such a drastic remedy. However, the country is in desperate need of freeing the workers from politically organised unions whose avowed object is to create intra-union and inter-union rivalries."

The workers themselves are becoming increasingly aware of this weakness in their movement. There are instances where the workers have refused to follow the advice of their leaders when they have felt that the advice was not purely on considerations of the interests of the labour. As it has happened, however, in many of these instances the trade union leaders had told the workers not to precipitate crisis and the workers had felt that it was possible for them to serve their interests better through a strike action. There is another side of this situation also. The trade union leaders themselves are finding it increasingly difficult to press the trade unions to follow a line that suited their political strategies. A favourable climate, therefore, does exist for eschewing politics from trade union movement. What is needed is better guidance to the workers under a given situation which would help them in weighing all the aspects of a situation and to decide their action accordingly. Of course, there would be occasions where the workers and the leaders would feel that a direct action is called for, while the employers might think otherwise. Such a conflict could only be resolved through genuine collective bargaining. It should not be difficult for the leaders of the two sides sitting round the table to arrive at a solution acceptable to both.

Another important point referred to by Mr Tata was regarding the decision announced by the Government of India to go ahead with a co-ordinated wage policy and an integrated incomes policy to check the inflationary trends in the economy. In this connection, Mr Tata remarked: "It would be unfortunate if, in the name of an incomes policy, certain sources of income are drastically scaled down, with an adverse impact on incentives and availability of talent and skills for higher administrative cadres, while industrial wages remain unregulated or even revised upwards on grounds of political policy. Ceilings on wealth and incomes could only be considered as a part of an integrated national policy embracing all incomes of all sectors of the economy, including urban and rural, industrial and non-industrial, as also the agricultural sector which constitutes the core of our economy. Merely tinkering with problems of any one particular sector, in isolation to the exclusion of others, would create imbalances and result in far greater disparities of incomes than at present."

These remarks are unexceptional. At the same time the employer cannot ignore that the workers have become sufficiently conscious and organised to insist on a fair share out of the total income of an industrial concern or an industry. Just as it

will be wrong to judge the level of profits and incomes in terms of the lowest paid strata of the economy, it would be equally wrong to judge the wage level on this criterion. The real solution to the incomes problem is larger productivity and greater production, creation of more job opportunities through greater development of labour-intensive industries such as cotton textiles, jute, collieries, mining and agriculture. This problem, however, should not be confused with that of wage policy in an organised industry.

Mr Tata has complained that the policy of hundred per cent neutralisation of the rise in the cost of living through dearness allowance is inequitable and it has distorted the wage structure in many industries. As against this, the Government has to take into account the growing unrest among the workers at the continuing erosion of their real income through higher prices. It will be worthwhile for the employers to devise ways and means of checking the price rise in consultation with the Government. The employers are right in arguing that the price rise is the inevitable consequence of increase in cost of production and taxes. But for breaking this vicious circle, it is not enough to adopt a policy of containing wages. There will have to be better managements, cuts in overhead costs and better marketing research. It is a huge problem and the organised workers would not agree to bear the entire burden of cutting the costs.

All these issues of industrial relations could be solved better if the Government revised its decision to shelve the National Labour Commission's key recommendations for the creation of a new machinery of industrial relations. Mr Tata was right in calling upon the Central Government to implement expeditiously the key recommendations of the Commission to set up Industrial Relations Commissions as agreed to by the Standing Labour Committee last year. These commissions could be the proper forum where all the vital issues regarding industrial relations could be properly discussed and acceptable solutions could be found. □

CROP INSURANCE

Basic issues yet to be identified

BOMBAY.

SO much has been talked about the benefit of crop insurance to our agriculture for so long, and yet it would appear that the basic framework of such a scheme is still to be worked out. That was the impression created by the discussions at the sixteenth annual conference of the Federation of Insurance Institutes. The conference discussed basic issues such as whether crop insurance should be linked to the value of the crop or to its quantity, whether the premium should be paid in cash or in kind and whether the insurance should be partial or full, and what should be the formula for determining the premium in the case of such a crop as rice.

Mr P. Santhanam, who led the discussion on the general scheme of crop insurance, pointed out that the fluctuations in agricultural prices have made the problem of crop insurance complicated. If the

value of the crop is linked to the market prices, the date on which the price of the produce has to be taken will have to be fixed. If the quantity of crop is considered as the basis of insurance, it could not be overlooked that a diminished quantity of produce in a particular year may mean greater value for the crop.

Mr Santhanam was of the view that the payment of premium should be made in kind. But then this would necessitate construction of silos and godowns where the premium paid could be restored. Considering the moral hazards, partial insurance or under-insurance should be provided as was done in the case of fire. As regards the premium to be paid, the view was expressed that initially at least a uniform rate of premium per acre for all areas may have to be charged. The insurance should be made compulsory in selected areas and the village panchayats should be harnessed to the task of determining the average production and other issues.

On the specific question of rating of rice-risk, Mr A. G. Bhanu, also of the LIC, proposed the formula that the rate of premium should vary between 3.12 per cent and 6.11 per cent of the average yield. In most of the States 3.12 per cent would be the rate for insurance and the highest rate of 6.11 per cent would be for Orissa, where co-operation and agriculture are both in a backward state.

Even when these issues of premium and allied matters are resolved, the important question would remain as to the agency which will operate the scheme. The State Governments should be the natural choice since they have an extensive administrative machinery functioning in districts and villages. But the States themselves have to be given the green signal by the Centre adopting the needed legislation. In its absence even a pilot scheme proposed by Punjab had to be abandoned. It is stated that New Delhi has under contemplation a scheme to set up crop insurance fund of about Rs 100 crores, but it is not likely to materialise unless all the intricacies associated with crop insurance are resolved. There is an urgency in tackling them since the banking system is pumping in lot of credit in the agricultural sector. Those funds must be assured not only safety but also adequate return. □

KERALA

Decisive voice for Congress (R)?

TRIVANDRUM.

A RECONSTITUTION of the Government of Kerala seems to be in the offing, with the addition of representatives of the Ruling Congress and the Kerala Congress, and the exit of some of the present Ministers from the Cabinet. The preliminary round of meetings and discussions are already under way. The co-ordination committee of the Cabinet has asked for the views of the Ruling Congress. This is important as the present government exists on the votes of the Congress representatives in the legislature.

Opinion in the Congress (R) seems to have veered round in favour of joining the Cabinet. The idea is to broad-base the Cabinet, with the Ruling Congress having a decisive voice, and with the allocation of seats in the Cabinet on the basis of the strength of the constituents in the legislature. If this principle were to be accepted, the parties now represented in the Cabinet will have to reduce their strength.

Speculation is already rife, on who will be chosen to the Cabinet from the Ruling Congress and the Kerala Congress. The older members of the Congress were in favour of joining the administration even from the beginning, while the younger members of the party wanted to wait, while supporting the Government. The present change of attitude is probably a direct outcome of the corruption scandals regarding the acquisition of land for the agricultural University and appointments to the State-owned Travancore-Cochin Chemicals at Udyog Mandal.

Observers here recall that it was with the drawn sword of corruption that the non-Marxist group ousted the Marxists from power. Therefore, Mr Achutha Menon and his colleagues should have been on their guard. And they ask: Is history repeating itself so soon? Or, is it possible that the Ruling Congress is getting set to participate in the administration, quietly getting rid of the Achutha Menon Ministry?

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Still, the problem is not easy. A multi-party regime will certainly have its limitations, against the united Marxist party in Kerala, unless it is a stop-gap arrangement like the new government in West Bengal under Mr Ajoy Mukherjee. In any case, the final role of the Ruling Congress will be decided by the Prime Minister whose main interest is to improve her party's hold on Kerala □

TAMIL NADU

Foodgrains output exceeds target

MADRAS.

THE Director of Agriculture, Mr N. Hari Bhasker, has disclosed that the output of foodgrains in the State will reach the record level of 7.2 million tonnes during 1970-71. Of this total output, rice accounts for 5.3 million tonnes, as against 4.5 million

tonnes in the previous year. This impressive increase in production is the result of extension of areas under high-yielding rice varieties to cover 4.5 million acres during the year, as against 1.6 million acres in 1968-69. An equally impressive increase in yield from 1,569 kg per hectare in 1968-69 to 1,974 kg per hectare in the current year has also contributed to the record level of rice production. Incidentally, the plan for 1971-72 envisages further extension of the area under high-yielding rice varieties so as to raise it to 5 million acres.

High-yielding varieties of millets, too, have been increasingly in the picture. The area under such varieties has come to 0.40 million acres in the current year, as against 0.14 million acres in 1968-69. This area increase has partly accounted for the increase in the output of foodgrains other than rice from 1.6 million tonnes in 1968-69 to 1.9 million tonnes in the current year. Incidentally, the plan for 1971-72 envisages further extension of the area under high-yielding millet varieties so as to raise it to 0.7 million acres. The plan also calls for

introduction of high-yielding varieties of pulses on 0.2 million acres.

Between them, rice and other foodgrains, by their peak output of 7.2 million tonnes in the current year, have exceeded the target of 6.7 million tonnes. Given fairly normal seasonal conditions in the coming agricultural year, this trend of rising foodgrains production may be expected to continue. If it does, it can be rightly described as the cumulative result of a series of well-conceived measures in recent years—for drought relief, for sinking new wells and deepening old wells, for energising more and more wells, for introducing high-yielding varieties and for multiple cropping. That this trend must, in any case, continue need hardly be over-emphasised, for the continuing trend of population growth would have to be constantly kept in view. Tamil Nadu's population, according to the 1971 census figures (provisional), has increased by 22 per cent over the last decade—from 33.7 million in 1961 to 41.1 million in the current year. □

REPORT

THE WORLD

From Our Own Correspondents

CANTON FAIR

Our diplomat's secret mission

HONGKONG.

THERE is considerable speculation here on a "secret" trip made last week by the Indian Commissioner, Mr V. Siddharthachary, to Canton. The visit on the occasion of the Canton Trade Fair perhaps would not have evoked that keen interest but for the mystery that the Commission tried to build around the week-long trip to Canton of its head. An official announcement in the Commission's daily bulletin of April 14 said: "H. E. the Commissioner, Shri V. Siddharthachary, would be away for a week from Tuesday, April 14. In his absence Shri Kamalesh Sharma will be Acting Commissioner."

The Commissioner's departure from Hongkong to an undisclosed destination only a few weeks before he was scheduled to leave for New Delhi on transfer made local newspapers take immediate notice of the announcement. Correspondents who approached the Commission for clarification said that the Commission's officials dismissed their queries with the reply "no comment". But a senior official was reported to have told a local English language daily: "I cannot confirm or deny it (Commissioner's trip to Canton). He (the Commissioner) was here till yesterday (April 14)."

According to local newspaper reports, the Commissioner went to Canton as the guest of China. But reliable sources claim that China had not extended an invitation to Mr Siddharthachary in his capacity of a diplomat. It is being pointed out that China is particular about not inviting a diplomat from abroad to visit the Canton

Fair if his country has a diplomatic mission in the Chinese capital.

Informed sources say that Mr Siddharthachary received the invitation in his private capacity through the Chinese General Chamber of Commerce in Hongkong, which usually handles invitations to only Chinese businessmen from Hongkong. Apparently, the Chinese Chamber decided to handle the invitation to Mr Siddharthachary mainly because it is through this organisation and its Chairman, Mr Wang Kuan-cheng, that Mr Siddharthachary and other Commission officials have been negotiating for more than a year to resume Sino-Indian trade. Mr Siddharthachary has been seen at a number of receptions organised by the communist-controlled Chinese Chamber during the past few months. The Chamber's Chairman, Mr Wang, and other leftist banking officials have, on their part, attended parties hosted by Mr Siddharthachary at his official residence.

Diplomatic observers in Hongkong considered as laudable the Chinese decision to allow Mr Siddharthachary to visit the Canton Fair. They see no reason why India should not attempt to resume her trade with China when the United States is making serious efforts to trade with a country which she used to consider as her enemy number 1. The example of Japan is also cited in this connection.

But these diplomats are apparently puzzled over the decision of Mr Siddharthachary to visit the fair in his private capacity. What is not quite clear to them is why New Delhi

should have decided to send its Hongkong-based chief diplomat to Canton instead of the Charge d'Affaires from Peking. The best solution, in their opinion, would have been to send a representative of the Government-owned State Trading Corporation to the Canton Fair. The STC in collaboration with local business interests has already established a base in Hongkong to build up Indian exports to the colony as well as to utilise its entrepot facilities to promote Indian products in other Asian markets.

Assuming that New Delhi would welcome a resumption of trade with China, it is possible that it thought it better to send a diplomat to Canton rather than a STC official though he might be well-versed in all aspects of foreign trade. Politics is invariably involved in trading with China and a diplomat is better equipped to appreciate the implications than one who may be an expert on trade.

It could also be that much more is being read in Mr Siddharthachary's visit than what is really involved. Mr Siddharthachary could as well have gone to the Canton Fair to make an on-the-spot assessment of the Chinese progress in various sectors of industry and the competition that the Chinese goods could offer to India in South-East Asian markets where she is keen to promote the export of her goods. The semi-annual trade fairs held in Canton during autumn and spring are considered to be China's economic show windows where most of her international trade agreements are negotiated. These fairs attended by businessmen have been gaining increasing popularity lately with the growing Japanese and other foreign participation. Even some Hongkong-based American businessmen have been trying in recent weeks to find admission to the fair.

The Canton Fair is thus an excellent forum to assess the Chinese economic strength as well as the possible direction and pattern of her trade with other countries. Whatever her political differences with China, India must keep herself continuously informed of the economic progress of that country, and Mr Siddharthachary might have gone to Canton to further this worthwhile cause. □

BURMA

Japan mounts an economic thrust

RANGOON.

THE visit of three successive Japanese missions to Rangoon since the beginning of the year indicates that Japan and Burma are about to enter into a new and more active phase of economic and technical co-operation. In January came a mission of Japanese engineers to advise on construction of quake-resistant buildings. In February came a Japanese Economic Mission and a Japanese Petroleum Trade Mission for talks with Burmese authorities on matters relating to Burma's economic plans, finance and banking, industry, mining and trade.

Burma's economic relations with Japan are of quite recent origin compared to those with India and China which date back to ancient times. But the Second World War and its aftermath have created conditions which exert on Burma a sort of gravitational pull towards Japan's economic orbit. The Japanese invasion did incalculable harm to Burma, and when the war ended in 1945, both Burma and Japan lay prostrate, the first from economic ruin and the latter from military defeat. Burma then found herself in desperate need of foreign aid for urgent rehabilitation of her shattered economy, while Japan desired a speedy normalisation of relations with Burma and other former Asian enemies in order to be able to resume her trade with them. In such a situation, it was not surprising that Burma and Japan came to terms quickly and concluded a peace treaty and a reparations agreement in 1953. Under the agreement, Japan provided Burma with US\$200 million (Rs 150 crores) reparations and a US\$50 million (Rs 37.5 crores) loan.

The reparations and the loan were of immense value to Burma, but they had a profound effect on the pattern of Burma's import trade. Although long integrated with the sterling area, the trade began to get oriented towards Japan. The shift in Japan's favour was further encouraged by Burma's abrogation in 1953 of the Ottawa Agreement which accorded preferential tariffs to countries of the British Commonwealth. The immediate result was the replacement of India by Japan as the foremost trading partner of Burma. Thus, while India provided as much as 55 per cent of Burma's total imports before the war, and Japan only 8 per cent, by 1959 India's share of the trade had dropped to 10.8 per cent while that of Japan had risen to 20.3 per cent (the highest among Burma's suppliers). Japan was still leading in 1968-69 accounting for over 22 per cent of Burma's total imports, while India supplied only 9 and the UK only 11 per cent.

In 1963, Japan granted to Burma additional reparations amounting to US \$140 million (Rs 105 crores) and an additional loan of US \$30 million (Rs 22.5 crores) under a Burma-Japan Economic and Technical Co-operation Agreement. These reparations are to be drawn within 12 years from 1963, and the loan within 6 years from 1963. The two together are sure to help maintain Japan's position as Burma's principal supplier.

Evidence of increasing Japanese presence in Burmese economy can already be seen, among others, in the large number of Japanese motor cars on Burma's roads and Japanese craft in Burma's rivers. But by far the most conspicuous proof in this regard are the 84,000 kw hydro-electric plant at Lawpita waterfalls in the Kayah State in north-east Burma, and the newly completed 55,000-ton-a-year urea fertiliser plant in Central Burma, both of which were built with Japanese assistance. These plants as well as other Japanese-made machinery and equipment in Burma will

inevitably entail Burma's dependence on Japan for needed spare parts and accessories for some time to come.

Recent events show that Burma is seeking more aid from her former enemy, who, having reached the pinnacle of economic achievement since the end of the war, seems capable of giving such aid. General Ne Win visited Japan in May 1970 and obtained from the Japanese Prime Minister, Mr Eisaku Sato, a pledge that Japan would extend to Burma financial and technological assistance for the development of oil resources in the Bay of Bengal, off Burma's western coast. The three Japanese missions which have visited Rangoon since January are an outcome of this pledge, but judging from their composition and the wide variety of subjects they discussed with the Burmese authorities, it would appear that the new phase of Burma-Japan co-operation will not be confined to maritime oil exploration only but extend to several other fields of economic activity. □

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CONGRESS OF THE CPSU

A quiet revolution in economic philosophy

By Dev Murarka

Moscow.

IT has been a Congress of the consolidators. Perhaps no other party Congress has been so quiet and business like as the one which has just finished. There are sound reasons why the Soviet leaders decided to hold it that way and almost got away with creating the impression that no radical changes are in the offing. So much so, that even the Politburo remained unchanged except for promotion of four of the candidate members to full membership, thus enlarging the most powerful body in the country from 11 members to 15.

Undoubtedly, the Congress succeeded in underlining the greater degree of authority and command over the party's affairs which the General Secretary, Leonid Brezhnev, has now acquired. Even the promotions to the Politburo are seen as strengthening the balance in favour of Brezhnev rather than anything else. But, this should not mislead anyone into thinking that Brezhnev is indulging into a little personality cult of his own. Rather, it is a reflection of the confidence shown in him by the collective leadership which has felt for some time that it would be better to project one identifiable personality rather than a group for internal political reasons.

The fact that none of the top leaders were retired from the Politburo or even from the influential Party Secretariat also suggests that balance of forces at the top political level is so even and delicate that even one change may necessitate a number of other changes in the Politburo. It also suggests that Brezhnev was either unable or unwilling to bring about so many changes at this stage and that his power, though enhanced by common consent, was still kept fairly in check. The net result was that the group of 25 persons, who between them control the destiny of the Soviet Union, remains unchanged. Some have been promoted but no newcomer was taken in. These 25 persons, to make it clear, are the 15 members of the Politburo, the 6 candidate members of the Politburo and 4 of the 10 Secretaries of the Central Committee who are neither full or candidate members of the Politburo. It is, by any standards, a remarkable feat of political stability at the top. But it also suggests that Brezhnev's power derives from the acquiescence of this group rather than from any domination over them. Nothing that has happened at the Congress, therefore, should lead one astray into thinking that Brezhnev has emerged as a law unto himself. In reality, despite appearances to the contrary, he still is one among the equals, perhaps just a shade more equal than others but no more than that.

The absence of change at the Congress, however, does not guarantee that there may not be changes after an interval. Indeed, the expansion of the Politburo as well as the Central Committee membership, from 195 to 241, indicates that ground is being prepared to infuse some new blood into the circle of top elite in not so

distant a future. What form it will take and who will be the personalities involved, it is futile to speculate at this stage. Not because basis cannot be found for such speculation but because in present conditions in the Soviet Union change of personalities may not denote a change in policies. In this sense, too, the situation after the 24th Congress is radically different than after the last Congress. At the 23rd Party Congress the Soviet leaders were still groping towards finding correct policies to suit their outlook, they were a shade lacking in confidence. On the contrary, despite all the troubles they have faced in the intervening five years, they exuded confidence at the 24th Congress not only because they knew where they were going but also because they had a feeling that they were also arriving at their destination.

It will take some time for the outside world, which is rather inclined to be too critical and cynical about the Soviet reality, to grasp this. But there is overwhelming evidence produced by the Congress to confirm that within the framework of their own thinking the Soviet leaders have indeed a great many reasons to be satisfied with the progress made so far and by the planned progress for the future. Theirs, on the whole, is essentially a conservative, centrist position from which they have been able to contain what they considered to be the anarchy of post-de-Stalinisation period as well to beat off the determined attempts of the neo-Stalinist revivalists to go back to the old ways regardless of consequences. The 24th Congress was a convincing proof that the policy-makers have rejected either of the alternatives and finally put an end to any fears that there could be a reversion to the past. On this, too, it has spelled out the policy in a firmer way than at the last Congress. It involves, of course, the price that ideologically, at least, the policy will remain frozen at an artificial level of uneasy compromise between the orthodox Stalinist sentiments and very conservative liberalism, thus discouraging any real flowering of the creative spirits in the arts. But it will have the merit of laying the ghost of Stalinist revival for once and all.

But it is not in the field of ideology, or even foreign policy, that the enormous significance of the Congress lies. It is in the realm of economics that the Congress must be considered as laying the foundations of a quiet revolution. It is a great pity, indeed, that the attention which matters of foreign policy and ideology attracted from the commentators, have pushed into background the remarkable contents of Brezhnev's policy document dealing with economic problems of the USSR.

On going through it and combining it with the speech by Prime Minister Kosygin on the five-year plan directives, one is impressed by one thing above all. A significant change in Soviet approach to economic problems is taking place and breaking from the established mould. It is not so

much in what the Soviet leaders are doing actually but in the way they have shown a new perception of the economic realities that the importance lies. Some indication of this was already provided when the draft plan directives were published in February and showed that for the first time in the history of Soviet economic planning consumer goods were to have a priority over heavy industry. Outside observers tended to dismiss this as a slight of hand which would change nothing, would probably fail to achieve the target and, in any case, the priority was with a very small margin. All these criticisms may or may not be valid. It is certainly true that the planned increase in consumer goods is 44-48 per cent for the next five years as against 41-45 per cent for heavy industry. But to concentrate on the simple figures is to overlook the historic significance of this break from the past dogma. The full effect of this will be felt not in the current five-year plan but in the plans to come.

This departure must be viewed in its historic context. In his report to the Congress Mr Brezhnev again and again underlined the significance of this move, albeit indirectly sometimes, but often bluntly and directly. In the past, the heavy industry was invariably given priority because it was argued that resources were not adequate for everything and progress depended upon the development of heavy industry. While there was something in this argument during the Stalin period, by the later period of Khrushchev it had become fallacious for the simple reason that Soviet resources had grown enough to allow for all-round expansion of the economy. This was done but with hesitation and with the heavy industry still getting priority. Even the five-year plan approved by the 23rd Party Congress did not break from this tradition which had become almost sacred. But it has at last penetrated the minds of the Soviet policy makers that this continued unbalanced concentration upon heavy industry was holding up rather than helping the progress of the economy.

Mr Brezhnev has now explained, and even if it is not the whole truth it is near enough to be dramatic: "In the early stages of building socialism, it will be recalled, we were compelled to concentrate on the top priorities, on which the very existence of the young Soviet State depended. Now the situation is changing. Not only do we wish to—for we have always wished it—but we can and must deal simultaneously with a broader set of problems.

"While securing resources for continued economic growth, while technically re-equipping production, and investing enormously in science and education, we must at the same time concentrate more and more energy and means on tasks relating to the improvement of the Soviet people's well-being. While breaking through in one sector or another, be it ever

so important, we can no longer afford any drawn-out lag in any of the others."

The statement above sweeps away, in a few sentences, a strongly entrenched economic ideology which has done so much harm to the Soviet economy in recent years. Even then, the orthodox sentiment is so strong still that Mr Brezhnev had to demolish it further while appearing to placate it. Thus, a few minutes later, he was telling the Congress that the new modification of economic priorities did not mean that the concern for heavy industry would slacken. He reiterated its importance in the context of defence industry. But then he lobbed a minor bomb into the lobby of defence industry by disclosing that, "today, as much as 42 per cent of its output is used for civilian purposes". Not only that, he went on to argue that a good deal of increased consumer goods production will have to come from defence industry, too, because it already has facilities for such production. In other words, he was telling the advocates of heavy industry that heavy and defence industries are not watertight compartments and they also must contribute to civilian production, that the defence industries in any case had idle capacity which is being used for civilian purposes and should be used so even to a greater extent in the future.

Even more devastatingly, Mr Brezhnev attacked the established psychology of economic priorities and exposed perhaps one of the root causes why the Soviet economy creates such a poor impression despite its inherent strength and why the people have to suffer the humiliation of deprivation of small necessities. He said: "We have many years of heroic history behind us, comrades, when millions of Communists and non-Party people consciously accepted privations and hardships, were content with the bare essentials and denied themselves the right to demand any special amenities. This could not but reflect on their attitude to the production of consumer goods, to their quality and range. But that which was explicable and natural in the past, when other tasks, other undertakings stood in the forefront, is unacceptable in the present conditions. And if some comrades tend to overlook this, the Party is entitled to regard their attitude as stemming either from a failure to understand the substance of its policy, oriented on a steady rise of the living standard, or as an attempt to vindicate their own inactivity. The Central Committee considers it necessary to raise this issue incisively and frankly.

"We still have administrators, and this not only locally but in the centre as well, who manage to 'coexist peacefully' with shortcomings, who have somehow reconciled themselves to the low quality of some consumer goods, and who are unfolding consumer production with unpardonable slowness. Some go so far as to cut back or even stop producing commodities that, though inexpensive, are essential for the population, on the pretext of replacing outdated goods with new ones. That is how shortages arise from time to time of goods usually known as 'trifles'. But there is no such thing as trifles when it comes to items in daily demand."

At a later stage he went on to argue that in the present context better quality

also means more for the economy and quantity by itself is not enough. Altogether, therefore, Brezhnev's report revealed something which had been lacking so far in Soviet policy pronouncements. It revealed a new perception of the needs of the economy as well as the people. It can be undoubtedly argued that it is all very well to be perceptive without doing, or being able to do, anything about putting this perception to practice. And it might be a justified criticism of the new Five-Year Plan, that it does not go far enough to put these perceptions into practice.

To adopt such an approach, however, will be to miss the essential point. It is that the Soviet leaders and planners have now taken an enormous step towards recognising the reality of the present economy and have arrived at some very acute conclusions. It may not be possible for them, in fact it is virtually impossible, to change either the system or the conditions overnight. But that they have taken a step

in the right direction, at this time, should not be any doubt. The present plan, for all interests and purposes, may lay the foundations for carrying out the new perceptions into practice. It will also give time for the new ideas to take root at a level where they matter most, among the planners, managers, party official and bureaucrats. Then and only then the ground will be ripe for more adventurous planning and ideas to take shape. But for this very reason this interim period is not to be despised. On the contrary, it should be valued highly and Mr Brezhnev's substantial contribution in bringing this about should be recognised. This is also the reason, why the 24th Congress can be aptly described as a Congress of the consolidators. Despite its appearance of dullness it has at least opened the way towards more fruitful thinking on problems facing this country, at least where the economy is concerned. That is no mean achievement in itself, no matter howsoever critically one approaches them. □

A generation condemned... because we don't care enough?

Over 60% of India's children suffer from protein malnutrition. These are not just hungry children we're talking about. Here's a generation that may be growing up both physically and mentally retarded.

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What it forebodes

*Economic ills - Adults below par, prone to illness, mean low productivity, wasted manhours.

*Population problems - Malnutrition is the cause of more infant deaths than all other causes put together. High infant mortality encourages larger families.

*Social unrest - For millions of Indians caught in the vicious cycle of poverty and poor performance - often caused by malnutrition - violence seems the only answer.

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Malnutrition is a hidden famine... and so more dangerous. We must fight it on all fronts.

DEVELOPMENT PLANNERS must recognise that nutrition is an important pre-requisite to socio-economic development.

PRIVATE INDUSTRY must fulfil its social responsibility - low-cost nutritious foods are urgently needed.

GOVERNMENT, BOTH CENTRAL AND LOCAL, must

- *initiate developmental research
- *rationalise distribution of scarce protein foods
- *encourage the food industry with rational laws and licensing policies
- *organise mass-scale relief programmes
- *extend fortification of basic foods
- *use mass communication for nutrition education



Inserted in the public interest by the Protein Foods Association of India



BUSINESS REPORT

From Our Own Correspondents

POWER SUPPLY

Avoidable deficits and high costs

NEW DELHI.

THE Power Economy Committee, headed by Mr K. L. Vij, in its report to the Government has highlighted the need for rationalising the operations of the power supply system in all its facets—generation, transmission and distribution—and the adoption of modern and scientific techniques of management in order to put the limited capital resources available for power development to the best use and derive the maximum benefits without increasing the running costs. The committee has identified a large number of areas where substantial savings can be effected and indicated the areas where there will be scope for saving in future.

The report refers to a study of the integrated operations of four systems in the southern region which showed that about Rs 8.27 crores could have been saved in fuel charges alone in 1968-69 if principles of economic generation scheduling had been applied. It cites the example of Maharashtra which lost industrial production to the extent of Rs 100 crores due to power shortage extending over six months in 1969. This could have been avoided had there been adequate transmission lines between that State and Mysore and Madhya Pradesh where surplus power is available. Similarly the 180 mw of surplus power available at Satpura could have been utilised to meet the acute power shortage in Punjab, Haryana and UP if adequate transmission lines existed.

These underscore the vital importance of inter-connections between different power systems and the need for larger allocation of resources for transmission and distribution. Hitherto generation schemes have claimed a sizable portion of the investment in power development. The provision for transmission and distribution in the Fourth Plan is Rs 721 crores against Rs 1,255 crores for power generation and Rs 444 crores for rural electrification. The committee has, therefore, urged that the outlay on transmission and distribution in the Fourth Plan and subsequent Plans should be considerably increased. Pointing out that in a developing economy like India's some States will have surplus generating capacity and the others much less than what they require, the committee says that this situation can be remedied only by providing transmission lines between States of adequate capacities for the transfer of the surplus power.

It will be then easy to conceive of power transfer between regions of the order of 500 to 700 mw over distances up to 1,000 km. This will lead to economic utilisation of resources. The transmission lines have to be planned on long-term basis, say for a period of 15 to 20 years. There is power shortage today in many parts of the country. According to the committee, this is likely to continue for

the next few years and the available generating capacity would not be able to meet the anticipated load demand. It is, therefore, important to derive optimum benefits from the available generating capacity.

Substantial economies in the cost of power generation can also be achieved by developing well-integrated regional power grids leading to the evolution of a national power grid. There is an urgent need to devise measures which would promote development of such grids. As a first step, the committee has proposed that a phased perspective plan of development of power systems should be formulated. In its view, maximum economies in the cost of power production can also be achieved through planning which looks far beyond the needs and requirements of small individual systems. The planning should, therefore, be done on a regional basis and the power projects should be chosen on regional considerations and on the basis of minimum cost.

The committee has come to the conclusion that under the existing conditions in the country hydel schemes constitute the most economic means of power generation. Apart from the economy inherent in them, hydel schemes designed for complementary peaking with thermal or nuclear stations enable better utilisation of available generating capacity and energy potential. The estimated cost of power from nuclear stations based on heavy water reactor technology shows that atomic power would be competitive with the prevailing production cost of thermal stations located far away from the collieries. The committee has, therefore, suggested that in order to produce cheaper electricity the bulk of new generating capacity to be added during the Fifth and Sixth Plans should be derived from hydro sources. The balance of new generating capacity should be from super steam power stations employing the largest possible unit sizes and located near coal washeries or coal mines. Nuclear power generation would be economical in areas with limited hydro resources and which are far removed from collieries.

Emphasising that rural electrification is one of the most basic needs for improving the standard of living of 80 per cent of India's population which lives in villages, the report observes that an important reason for the low productivity of farming in the country is that energy and motive power on a large scale have not been applied to agriculture as in the developed countries. Electricity has now become a necessity rather than an amenity even in rural areas. The committee has said that rural electrification can spread rapidly if it takes the shape of a people's movement. Labour and transport form about 15 to 20 per cent of the total cost of the lines. If the villagers can be enthused to supply labour and transport

free of cost, enormous savings could be effected which would result in the electrification of more villages with the same funds. This experiment has been already tried successfully in some States. Another advantage of such a method is that the villagers will feel that these are the works created by them and are likely to ensure that no damage is caused.

The committee says that the co-operative use of tubewells should be encouraged. This would help in pooling of resources. The use of tubewells and selling of tubewell water would increase the load factor and improve the economics of rural electrification. Similarly, co-operative use of electric appliances such as threshing machines, drying facilities for fruits, cold storage, etc., will ensure profitable use of power.

The report also stresses that the easiest and the quickest way for rural development will be to integrate the rural electrification programmes with the agricultural and rural industrial development schemes. It has recommended that suitable incentives should be provided to farmers to go in for the use of electric power. For this purpose service stations should be set up with mobile squads which should take up certain works like internal wiring and maintenance on reasonable charges. The State governments should organise rural technical centres and thus utilise unemployed technical personnel for this purpose. They should be given necessary incentives to offer their services to the farmers. The State electricity boards should also set up such centres or assist in their establishment.

The committee considers that some changes in the institutional arrangements are necessary to ensure power development on a rational and co-ordinated basis throughout the country. An important recommendation made by it in this connection is that the Central Electricity Authority should be reconstituted on a full-time basis and entrusted with the preparation of a national perspective plan for power development. In drawing up such a plan, it should seek the help of regional and State electricity boards which are familiar with the conditions prevailing in their respective areas. The committee has also recommended that the agency for the construction of power projects will have to be decided on the basis of the nature of the scheme, its location and the type of financing. In the committee's view the institution of control boards which has already been adopted in some States for implementing power projects, may be followed in the case of projects that are taken up on regional considerations. Further, it has suggested that regional electricity boards should concern themselves primarily with ensuring maximum economy by integrated operation of the constituent power systems in their regions. The position of the regional electricity boards vis-a-vis the General Electricity Authority should be given statutory recognition.

Expressing concern over the large shortfalls in generating capacity and trans-

mission facilities in the past, the committee says that if this trend continues there is likelihood of a serious power shortage occurring in the Fifth and Sixth Plans as well. Therefore, it has strongly urged concerted action on a wide front for making up the lost ground and preventing shortfalls in future. □

PETROLEUM PRODUCTS

Pending hike in crude price worries MRL

MADRAS.

THE fourth annual report of Madras Refineries Limited covered the 15-month period ended June 30, 1970, and the first year of its commercial operations. With a turnover of Rs 26.93 crores during the period under review, the company sustained a net loss of Rs 3.67 crores after providing Rs 3.29 crores for depreciation and Rs 2.32 crores for interest on loans. At the company's fourth annual general meeting on December 17, the Chairman, Mr M. Rama Brahman, disclosed that subsequent to the presentation of the audited accounts to the Board the Government of India decided the basis for pricing lubricating oil base stocks. The Government's decision resulted in an additional income of Rs 1.12 crore during the operating year 1969-70, thereby bringing down the year's loss to Rs 2.55 crores. This reduced deficit too was wiped out by profitable working during the five-month period July-November 1970. The company's operations have continued to be profitable since November 1970 in spite of the heavy freight charges on account of crude imports.

Notwithstanding the present trend of profitable working, the ultimate level of profit in the current financial year, that is July 1970 to June 1971, is subject to uncertainty because of several factors. The first is the inadequacy of port facilities to handle large tankers for transport of crude and the consequent heavy incidence of freight rates. The second is the delay in the commencement of operations of the Madras Fertiliser plant and the consequent uncertain offtake of naphtha on a steady basis till the plant reaches stabilised production. The third factor is represented by the two price increases notified by the suppliers of crude in recent months, the first increase effective from November 17, 1970, from \$1.35 per barrel to \$1.41 per barrel and the latest further increase effective from February 1971. Both price increases are still under negotiation with the Government of India. If both the price increases by any chance are accepted by the Government they will eat into the profits of Madras Refineries during its current financial year.

It would be unrealistic as of now to work out the ultimate profit in the current year, for it is not clear what the increased crude prices will finally be and what the correspondingly increased product prices will be. Incidentally, an identical point has also been made by Mr C. R. Pattabhiraman, Chairman, Cochin Refineries, at a recent press conference in New Delhi. What is a safe guess as of now is that a possible crude price increase in the

Industrial Relations Commissions

MR Naval H. Tata, President, Employers' Federation of India, says that the Government should give the highest priority to the setting up of the proposed Industrial Relations Commissions and expedite the progress towards the development of harmonious relations in all industries. The establishment of IRCs will have a highly beneficial effect on labour-management relations in the country. As regards the national wage policy, Mr Tata says that ceilings on wealth and income could only be considered as a part of the integrated national policy embracing all sectors of the economy including urban and rural, industrial and non-industrial as also agricultural sectors. "Merely tinkering with problems of any one particular sector in isolation to the exclusion of others would create imbalances and result in far greater disparities of income than at present," says Mr Tata.

Cement price fixation

Mr R. D. Shah, President, Cement Manufacturers' Association, Bombay, says that the major problem facing the cement industry is the inadequate price allowed for its products. Although the industry is not averse to the Government's policy of holding the price line, it is necessary that the Government should ensure suitable compensation whenever there is a steep rise in manufacturing costs as a result of Governmental actions such as increased freight on raw materials, enhancement of royalties, revision of electricity tariffs, etc. Over such matters the manufacturers have no control and as such the pricing policy of the Government should ensure a remunerative rate to the industry. Since 1966, the costs have increased by over Rs 20 per tonne and the price increases granted by the Government are grossly inadequate to cover this.

Bank credit for pump-sets

Mr A. C. Gupta, President, Indian Pump Manufacturers' Association, says that some of the nationalised banks are putting "rather harsh and unreasonable conditions" while financing suppliers of agricultural pump-sets. The guarantee for good quality, reasonable price and assured after-sales service is a normal feature of any transaction. But the supplier cannot be held responsible for the non-payment to the bank of any of the instalments of the loan by the farmer-borrower. But some of the nationalised banks insist on having a guarantee from the supplier to the effect that he would take back the pump and repay the entire dues in case an agriculturist-borrower defaults any repayment of loan instalments. Some banks are also insisting on ISI certification mark for approving a particular make of pumps. But quality, according to Mr Gupta, is something which is part and parcel of the culture of an organisation which cannot be ensured by ISI certification mark. As facts stand, none of the reputed manufacturers of pump-sets have opted

BUSINESS OPINION

for ISI certification marks which means that their pumps will not qualify for approval by banks.

Wire rope exports

The Indian Wire Rope Manufacturers Association, Bombay, says that the drastic cut in the duty drawback on exports of steel wire ropes has seriously affected the wire rope industry. The Government's decision to cut the duty drawback on exports from Rs 453 to Rs 131.25 per tonne in respect of ungalvanised wire ropes and Rs 157 per tonne in respect of galvanised wire ropes with effect from February 20 has come to the industry's notice only recently. All the commitments of the industry for exports till April 15 were based on the conditions prevailing before February 20. Under such circumstances, the industry would have to face a heavy financial burden. The Association says that the Government should allow the rates of duty drawback prevailing before February 20 for all export commitments till April 15.

Power supply for jute industry

Indian Jute Mills Association, Calcutta, says that the failure of the electricity generating and distributing agencies to ensure uninterrupted supply of power to the jute industry has hampered the industry's efforts to maximise production. The Barrackpore-Titagarh and the Hooghly-Rishra areas representing some 43 per cent of the industry's total production are subject to power cuts by the Calcutta Electricity Supply Corporation. The resultant loss of output has been considerable. Between January 1970 and April 1971 restrictions in the supply of electricity to mills accounted for a production loss of about 25,000 tonnes valued at approximately Rs 7.3 crores—a little over 2 per cent of the industry's total output.

Saurashtra mills

Mr Mahendra Shantilal Shah, President, Saurashtra Millowners' Association, says that the textile units in Saurashtra, excepting a few prosperous units which have vast financial resources and modern machinery, are passing through a deep crisis. The financial resources of a majority of units are not even sufficient to provide the working capital. It is, therefore, necessary that ways and means should be found for improving the capacity of Saurashtra mills with the minimum capital expenditure. This can be done, according to Mr Shah, by installing second-hand machinery of later techniques which is in fairly good condition and by suitable modifications in the existing machinery with a view to improving productivity. But this, Mr Shah says, is only a temporary expedient to provide a valuable breathing time for the long-range programme of mill modernisation.

absence of a corresponding products price increase would drastically reduce the 1970-71 profit of Madras Refineries. The crude throughput of Madras Refineries in 1970-71 is 2.5 million tonnes (one tonne is the equivalent of 7.4 barrels) □

ENGINEERING INDUSTRY

Progress halted by steel shortage

CALCUTTA.

IN keeping with the new constructive approach to offer all possible co-operation to the Government in the solution of the country's urgent and pressing problems like unemployment, inflation and industrial revival, Mr Sanjoy Sen, Chairman of the Indian Engineering Association, has assured the engineering industry's fullest support for all measures to accelerate economic growth. In return, he expects the Government to show a more realistic and understanding attitude towards industry, and help in the solution of the industry's current difficulties. These difficulties are many, but the main one, as far as the engineering industry is concerned, is that of inadequate raw materials, especially steel of mild as well as special grades.

Many units in the industry, it has been authoritatively stated, are working to about half their capacity mainly due to the short supply of raw materials like steel, non-ferrous metals and imported components. Steel shortage was partly the reason for Braithwaite's closure (the management of the company has been subsequently taken over by the Government). According to IEA estimates, the gap between steel supply and demand in 1970-71 was half a million tonnes. This gap is arrived at after taking the total demand at 6 million tonnes of finished steel, and deducting from this the total supply of 5.5 million tonnes of finished steel consisting of 5.1 million tonnes of domestic production and 400,000 tonnes of imports.

According to IEA estimates also, steel demand by the engineering industry is increasing by 12 to 15 per cent annually, excluding the demand on account of exports, which is placed at another 3 to 5 per cent, and this necessarily means that unless steel supply is adequately stepped up, shortage will last for a long time. Finished steel demand by the economy as a whole is expected to go up to 6.75 million tonnes in 1971-72, to 7.8 million tonnes in 1972-73 and to 9.3 million tonnes in 1973-74. In terms of ingots, these increased demands would call for a production of 9 million tonnes in 1970-71, 10.4 million tonnes in 1972-73 and 12.4 million tonnes in 1973-74. It would be clearly impossible for the domestic industry to match this level of demand, particularly when it is unable to utilise more than 70 per cent of rated capacity. Individually, plants like Durgapur and Rourkela are worse off.

The IEA naturally suggests freer imports, for the next three to four years at least. It would also like the electricity furnace industry to be encouraged to produce more by banning scrap exports to the extent the domestic demand would call for. It has also been emphasised that should the

tempo of industrial production accelerate further, the demand for steel may go up even higher than the projections already referred to, and the Government must bear this possibility in mind while taking steps to increase steel supply.

Alloy and tool steels are getting shorter and shorter in supply. The estimates of actual requirements vary widely, but the IEA estimate is one of half a million tonnes per year. The local producers, it is said, are deliberately under-estimating the demand. This may or may not be true, but there is definitely a case for increasing production in the State-owned Durgapur alloy steel plant. This plant is also not supplying stainless steel according to consumers' specifications, but forcing on them the material it produces. This material being unusable is disposed of in the open market at below the prices bought. However, a happy feature from the consumer's point of view is that stainless steel brought against import entitlements are available in the open market at about the same price. The IEA feels that as in the case of steel, there should be a centralised machinery to co-ordinate consumers' indents with the production planning by various units, and that there should be a greater standardisation of the categories produced in line with the market pattern of demand.

The problem of supply boils down essentially to one of increasing domestic production. Apart from the Government-owned alloy steels plant at Durgapur, units in the private sector, Guest Keen Williams, and Mahindra Ugine, should be allowed to expand their capacity. Guest Keen Williams, in particular, has scope for raising its capacity (which now stands at 65,000 tonnes annually after recent expansions) through the addition of balancing equipment like additional cogging and rolling facilities. The IEA recommendations for increasing alloy and special steels in the short term support this view. □

AVIATION

Air-India's jumbo jet is here

BOMBAY.

THE jumbo jet age has arrived for India. On April 18, Air-India's first 346-passenger Boeing 747 flew into the Santacruz airport to a tremendous reception from thousands of people. The Chairman of Air-India, Mr J. R. D. Tata, called it a proud day in the history of commercial aviation in this country which opened some 40 years ago. Three more jumbos are due to be received by Air-India in the course of the next year or so.

While there is justifiable excitement over our acquiring the high-capacity planes, there is also the question as to how profitable it will be for Air-India, at least initially, to operate the jumbos. The entry of jumbos in aviation has been at a time when the aviation industry has experienced a severe financial setback. What has been worrying many in the industry is how to fill in the tremendously increased capacity with 116 jumbos already delivered to 24 airlines and another 88 on order.

Mr Tata hopes that air travel will soon resume its upward curve with American recession in this sector showing signs of lifting. Air-India itself has introduced reduced fares for the 747 from the USA to India, consisting of a discount of as much as 44 per cent in the form of excursion fares. Similar fares will apply from London to India, and discounted fares have also been introduced on the Tokyo route which is the growth route for Air-India. The 747s would also help Air-India to increase frequencies on 707 routes to daily to Tokyo, increase services to Nairobi, Singapore and Mauritius and extend the operations in Africa. According to Mr S. K. Kooka, Commercial Director, Air-India is also planning the establishment of a non-IATA charter company.

These plans do underline that Air-India knows what it has bargained for in purchasing the 747s. It could not but be ready to tackle all these problems knowing that it would be spending as many as Rs 90 crores on the four jumbos. But its plans to boost tourism and induce more people to India could well run into a bottleneck if enough hotel accommodation and the capacity of Indian Airlines are not built fast enough to keep pace with the increased traffic. Not only that. The Customs procedures at our international airports will have to be streamlined. Oddly enough on April 17, a day prior to the landing of the jumbo, a passenger from London complained that it took him three hours before he could cross the customs barrier, and the reason was that two planes had arrived within minutes of each other at the Santacruz airport. But the combined total of passengers that they had brought did not reach the figure of 346 which one single jumbo of Air-India can carry. □

TRANSPORT

New possibilities for co-operation with India

JAKARTA.

THE untying of aid which Indonesia receives will open new possibilities for strengthening of Indonesia's economic relations with India. So far, the US, West Germany, the Netherlands and Japan have agreed to untie their project aid, although subject to certain conditions and/or mutual agreement. Generally the untying of the aid is allowed in cases where the donor country cannot supply items tailored to Indonesia's needs. Most interesting however is the stipulation by the US Government that the US aid money can only be spent in other developing countries.

The Indian Government has been prompt to sense the new opportunities and invited three economic journalists and a mission consisting of senior officials of road transportation, railways and the Ministry of Communications to visit the country. Both missions spent about two weeks in India, visiting industrial plants and other places, to get an idea of what India can offer to Indonesia.

Transportation and communications are among the sectors on which Indonesia's rehabilitation and development programme is being focused. The other sectors in-

clude irrigation and infrastructure in general. The Government hopes that with the rehabilitation of the infrastructure, private investment will grow and the economy will gain momentum. The two years of implementation of the Five-Year Development Plan, which started in April 1969, have confirmed these expectations.

Because of the wide gap in technology between Indonesia and the advanced nations, often Indonesia has difficulty in buying equipment of specifications suitable for her current needs. The high degree of automation of the equipment produced by the industrialised nations requires skills which often are not available in Indonesia for handling such equipment. Also such equipment is labour-saving, whereas one of the main objectives of the development programme is to tackle the problem of unemployment. With a 2.5 per cent annual population increase this problem becomes more serious each year.

Since many of these problems are also being faced by India, the design of Indian equipment and machineries can be expected to suit better Indonesia's requirements. But, so far the problem of financing has been a serious hurdle in the way of larger trade developing between the two countries. Indonesia lacks foreign exchange and has been receiving an ever-increasing amount of aid for the past five years. On the other hand, India is also facing balance of payment problems of her own and is not in a position to extend credits. The only major sale by Indian industry to Indonesia which constitutes a broadening of the range of trade, has been that of a few hundred Tata buses.

It is true that the Indonesian market is very brand-conscious and it will take a major effort before Indian goods can gain a prominent place in Indonesia's import pattern. But the introduction to Indonesia's railways and in road rehabilitation programme of Indian goods will mean a considerable break which India badly needs to establish her image here. And it can be expected that more Indonesian missions will follow to exploit the opportunities which untied aid can offer to broaden the co-operation between the two nations.

The pattern works both ways, and the Indonesian authorities are very much aware of this. Just recently the Deputy Chief of the Planning Bureau, Dr Emil Salim, speaking before a panel of businessmen urged the Indonesian contractors, consultants etc to keep an eye on what other developing nations receive in aid. This, he said, is necessary in order to be kept informed of any tenders in which Indonesian contractors can participate. □

NEWSPRINT

Tapping Himalayan coniferous wealth

SIMLA.

THE first major attempt to tap the huge coniferous forest resources of the Himalayas got off the ground last week when the Ballarpur Paper and Straw Board Mills entered into a contract with

the Himachal Pradesh Government to set up the second newsprint mill of the country. Under the agreement which was signed on April 14 in Simla the State Government undertook to supply 57 lakh cubic feet of fir and spruce for pulp making. The felling of this wood, debarking the logs, floating the logs and its truck transportation will be the responsibility of the company. According to present plans, the newsprint mill will go into production in another three years with an initial production capacity of 85,000 tonnes annually. This will be further increased to 1.23 lakh tonnes as the mill would gain experience in the utilisation of hard woods. This project of utilising the Himalayan hard wood for newsprint making was originally proposed to be set up in collaboration with a Canadian firm but has now been abandoned in preference to complete indigenous expertise and know-how.

The new mill will also have (i) refiner ground wood pulping systems; (ii) a small high yield chemical pulp mill; and (iii) a high speed paper machine with a twin wire formation system. In order to meet the requirements of newsprint in sheets and glazed newsprint, the mill will install a super-calender and a duplex sheet cutter. Tentatively, the initial cost of the project has been estimated at about Rs 30 crores, of which the foreign exchange components alone would be approximately Rs 20 crores.

As the plant goes into production it is expected to reduce the present newsprint shortage by nearly half initially and meet 75 per cent of the shortage by the time it completes its second phase of expansion. At present out of the total consumption of 1.87 lakh tonnes of newsprint, the country imports as much as 1.55 lakh tonnes. With the expansion plans at the Nepa mill progressing according to schedule, and the Himachal Pradesh plant in production the shortage in newsprint is expected to be brought under control by the second half of this decade. □

OILSEEDS

Tackling the fat shortage

BOMBAY.

THE shortage of fat in the country seems to have developed into a long-term phenomenon. During the last five years the per capita consumption has been reduced from 3.2 kg to 2.6 kg. So far the effort has been to improve the supplies by means other than improving the productivity. The yield per acre of groundnut which accounts for over 70 per cent of oilseeds production has gone down from 117 lb per acre in the pre-Plan period to 661 lb after the Third Plan. The 16th annual conference of the Oil Technologists Association discussed, therefore, the problems connected with constant and steady supplies of oilseeds.

The feasibility of using hitherto unexploited oilseeds has now assumed significance. There are as many as 25 minor oilseeds which can be used for augmenting fat supplies. A remarkable example in this respect is that of the cottonseed. Two decades ago, scientists wondered whether cottonseed flour could be made available for human consumption. Cottonseed flour has become a reality today. The role of palm seeds in providing fat requirements also needs to be properly examined. Palm is considered as nature's high quality oil. The average yield of palm oil is 2.2 tonnes per acre. Palm oil and palm kernel oil are generally used in margarine, compound cooking fats etc. Sunflower is another source which is being exploited in the US and the USSR as it is considered an excellent cooking or salad oil. Sal fat has come to the limelight only in recent years.

Sal trees grow abundantly in the forests of Bihar, Madhya Pradesh and Orissa. The maximum potential availability of sal seeds works out to 113 lakh tonnes which can give about 7 lakh tonnes of sal fat. The fat is now in demand in some foreign countries such as the UK, Italy and Japan as a good confectionary fat. Another source which has remained unexplored is the Karanja seeds. The potential availability of the seeds is about 97,000 tonnes which should give about 30,000 tonnes of oil.

The oil technologists do not challenge the usefulness of the minor oilseeds in augmenting fat supplies. However, they emphasise the difficulties in collecting the minor oilseeds. A case in point is the sal seed. The experience of the oil millers is that it becomes difficult for the industry to get reliable and experienced forest contractors to collect seeds. There is labour shortage as the season coincides with harvesting of other crops. The time for collection is also limited because of inadequate access roads into the forests. The quantity and quality of seeds is unpredictable while the cost of collection remains already committed.

A section of the oil technologists contended that most minor oils had some technical disadvantages. The by-products required upgrading of quality and creation of new markets for their disposal. Thus any increase in production of minor oils would necessitate incentives to the using industry. The task of stabilising prices of oilseeds continues to bristle with difficulties. It was suggested that a good system to ensure steady and constant supplies should have the following three elements: first, bulk of stock-holding over the year by trade, secondly buffer stock-holding by the Government, and thirdly, influencing price level by buffer stock operation to ensure a fair price to the grower, the trade and the consumer. □

THE MITSUI BANK, LIMITED

(INCORPORATED IN JAPAN WITH LIMITED LIABILITY)

Dr.

CONDENSED BALANCE SHEET—SEPTEMBER 30, 1970

Cr.

March 31, 1970 (In thousands of Yen)	ASSETS	September 30, 1970 (In thousands of Yen)	(In crores of Rupees)	March 31, 1970 (In thousands of Yen)	LIABILITIES	September 30, 1970 (In thousands of Yen)	(In crores of Rupees)
241,918,535	Cash and Due from Banks	230,060,066	490.29	1,632,013,639	Deposits	1,732,049,436	3,597.60
1,141,200	Call Loans	1,275,000	2.66	187,868,000	Call Money	184,169,000	389.09
240,606,096	Securities	252,985,909	527.05	176,230,371	Borrowed Money	201,847,725	420.62
1,464,909,476	Loans and Bills Discounted	1,557,556,317	3,244.91	70,849,109	Foreign Exchanges	59,676,886	124.38
227,942,006	Foreign Exchanges	238,615,312	499.86	11,332,014	Domestic Exchange Settlement Account, Cr.	8,716,874	18.16
16,626,586	Domestic Exchange Settlement Account, Dr.	14,120,024	29.42	429,639,023	Acceptances and Guarantees	465,602,172	970.00
420,080,023	Customers' Liabilities for Acceptances and Guarantees	465,602,172	970.00	25,586,102	Accrued Expenses	26,042,448	54.25
48,078,300	Bank Premises and Real Estate	49,478,228	103.08	14,923,342	Unearned Income	16,468,418	34.31
8,410,873	Other Assets	8,629,245	17.98	15,302,699	Other Liabilities	15,201,162	31.58
				30,100,492	Reserve for Possible Loan Losses	39,060,819	80.61
				10,322,069	Reserve for Retirement Allowances	10,907,004	22.73
				4,645,833	Reserve for Price Fluctuation	4,645,833	9.68
				5,282,454	Other Reserves	5,794,801	12.07
				28,000,000	Capital (Paid-up)	28,000,000	58.38
				6,271,235	Legal Reserves	6,631,220	13.61
				32,036,700	Other Surplus	36,139,405	75.29
				(4,853,970)	(Profit for the Term after Tax)	(5,697,616)	(11.74)
2,076,472,757	Total	2,824,921,373	5,885.26	2,076,472,757	Exchange Re. 1=48 Yen	2,824,921,373	5,885.26

Dr.

PROFIT AND LOSS ACCOUNT FOR THE HALF-YEAR ENDED 30th SEPTEMBER, 1970

Cr.

Oct. 1, 1969— March 31, 1970 (In thousands of Yen)	INCOME	April 1, 1970— September 30, 1970 (In thousands of Yen)	(In crores of Rupees)	Oct. 1, 1969— March 31, 1970 (In thousands of Yen)	EXPENSES	April 1, 1970— September 30, 1970 (In thousands of Yen)	(In crores of Rupees)
51,852,704	Interest on Loans and Discounts	56,097,923	116.87	27,642,550	Interest on Deposits	30,479,878	63.50
8,954,328	Interest and Dividends on Securities	9,292,648	19.36	18,592,143	Interest on Borrowings and Rediscounts	14,184,551	29.55
3,021,036	Fees and Commissions	3,231,167	6.73	14,921,143	General and Administrative Expenses	16,501,436	34.38
11,070,270	Other Income	10,475,443	21.82	8,607,194	Other Expenses	7,014,697	14.61
65,188	Transfer from Reserves	0	0.	2,199,451	Transfer to Reserves	474,738	0.99
75,563,586	Gross Income	79,097,181	164.78	66,062,481	Gross Expenses	68,656,300	143.03
				8,801,105	Profit for the Term before Tax	10,441,881	21.76
				3,747,135	Provision for Taxes on Income	4,504,266	9.38
				4,853,970	Profit for the Term after Tax	5,637,615	11.74
				2,131,380	Balance Brought Forward from Previous Term	2,760,350	5.73
				7,985,350	Undivided Profit at the End of the Term	5,597,965	11.47

THE MITSUI BANK, LIMITED

BALANCE SHEET OF BOMBAY BRANCH AS AT 31st DECEMBER, 1970

As at 31-12-1969 Rs. P.	CAPITAL AND LIABILITIES	Rs. P.	As at 31-12-1969 Rs. P.	PROPERTY AND ASSETS	Rs. P.
Not applicable	1. Capital : Deposited with Reserve Bank of India under Section 11 (2) of the Banking Regulation Act, 1949, 84% Treasury Stock 1969-72 of the face value of ₹1,96,600 (Market Value Rs. 32,68,940).	Not applicable	14,36,809.90	1. Cash : In hand and with Reserve Bank of India and State Bank of India (including Foreign Currency Notes)	17,09,415.12
Not applicable	2. Reserve Fund and Other Reserves	Not applicable	4,196.82 99,072.42	2. Balances with Other Bank on Current Account : (i) In India (ii) Outside India	1,59,190.12 68,616.80
67,46,018.88	3. Deposits and Other Accounts : Fixed Deposits	1,40,87,523.72	1,03,869.24	3. Money at Call and Short Notice .. .. .	.....
28,85,540.45	Savings Bank Deposits	36,06,274.26		4. Investments (at cost): (i) Securities of the Central and State Governments and other Trustee Securities Face Value .. Rs. 15,00,000.00 Market Value .. Rs. 15,13,518.00 (ii) Treasury Bills of the Central and State Governments (iii) Ordinary Shares (Fully Paid—Quoted) Market Value .. Rs. 4,00,312.50 (iv) Debentures Quoted .. Rs. 2,20,500.00 Market Value .. Rs. 2,16,502.50 Unquoted .. Rs. 2,30,000.00	15,06,000.00 15,00,000.00 15,13,518.00 9,92,500.00 3,45,000.00 4,20,500.00
97,86,014.88	Current Accounts, Contingency Account, etc.	57,46,066.20	2,34,09,864.18	5. Advances : (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors) (1) Loans, Cash Credits, Overdrafts, etc. : (i) In India (ii) Outside India (2) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments): (i) Payable in India .. 11,69,590.54 (ii) Payable outside India .. 20,70,510.86	1,62,06,168.99
2,11,17,174.61	4. Borrowing from Other Banking Companies Agents, etc. : (i) In India (ii) Outside India	Nil Nil	Nil Nil	(Particulars of Advances as per Schedule attached)	1,04,35,264.99
3,21,345.88	PARTICULARS : (i) Secured (ii) Unsecured	Nil Nil	Nil Nil	Carried forward .. Rs.	2,47,44,866.99
8,21,345.88	5. Bills Payable	16,800.92	20,71,500.00		
89,809.98	6. Bills for Collection Being Bills Receivable as per contra : (i) Payable in India (ii) Payable outside India	2,38,291.09 17,171.90	1,68,10,746.53		
1,85,829.52 3,09,511.78	7. Other Liabilities : Head Office, Branches and Agencies outside India Others	37,05,510.34 8,28,877.09	1,68,10,746.53		
4,46,341.30	8. Acceptances, Endorsements and Other Obligations as per contra	28,96,501.06	27,83,425.77		
39,55,300.00 6,68,482.01	Carried forward .. Rs.	8,11,99,706.67	1,96,94,171.90		
46,23,872.07			2,32,06,350.44		
15,94,795.26					
2,81,92,399.10					

THE MITSUI BANK, LIMITED—Continued

As at 31-12-1969 Rs. P.	CAPITAL AND LIABILITIES—(Contd.)	Rs. P.	As at 31-12-1969 Rs. P.	PROPERTY AND ASSETS—(Contd.)	Rs. P.
2,81,92,350.10	Brought forward .. Rs.	3,11,99,706.57	2,32,06,350.44	Brought forward .. Rs.	2,47,46,386.93
58,861.08	6. Profit and Loss Account :			6. Bills Receivable Being Bills for Collection as per contra :	
2,12,780.60	Balance brought forward ..	1,51,047.20	1,35,829.52	(i) Payable in India ..	2,33,291.69
2,71,591.68	And: Profit for the year (subject to income-tax) as per Profit and Loss Account annexed ..	20,405.05	3,09,511.78	(ii) Payable outside India ..	17,171.50
2,71,591.68	Less—Loss for the year as per Profit and Loss Account annexed ..	1,30,642.15	4,45,341.30	7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations as per contra ..	2,50,462.99
1,20,844.48	Less—Transferred to Head Office ..	86,692.78	15,94,705.26	8. Premiums Less Depreciation ..	28,98,501.06
1,51,047.20	10. Contingent Liabilities :	04,949.37	NII	9. Furniture and Fixtures, etc. :	NII
	(i) On outstanding Forward .. Rs. P.		3,20,211.38	Cost to 31st December, 1969 ..	2,57,254.33
	Exchange Contracts .. 5,04,51,235.86		3,29,211.88	Additions during the year ..	14,307.86
	(As at 31st December ..		71,957.06	LESS—Sales and adjustments ..	2,71,562.19
	1969 .. 6,02,68,024.91)		2,57,254.83	LESS—Depreciation written off (including adjustments) to date ..	2,70,848.78
	(ii) On guarantees issued on behalf of constituents .. 34,16,099.00		2,22,871.19		2,31,831.69
	(As at 31st December ..		34,883.14	10. Other Assets :	39,017.09
	1969 .. 66,71,797.86)		38,960.48	Stamps, Prepaid Expenses and Other Deposits ..	32,104.36
			31,507.51	Interest Accrued on Investment ..	40,065.13
			3,08,653.22	Adjustment Account ..	3,05,124.99
			26,92,954.95	Head Office, Branches and Agencies outside India ..	29,82,902.40
			30,62,076.16	11. Non-Banking Assets Acquired in Satisfaction of Claims ..	33,60,107.68
			NII		NII
2,85,43,446.30	Total .. Rs.	3,12,94,655.04	2,83,43,446.30	Total .. Rs.	3,12,94,655.94

NOTES: (1) No provision has been made for future gratuities to staff, the liability in respect of which has not been ascertained.

(2) The Balance Sheet and the Profit and Loss Account have been prepared in conformity with Forms A and B of the Third Schedule to the Banking Regulation Act, 1949.

(3) Figures of previous year have been regrouped and rearranged wherever necessary.

As per our report of even date.

S. R. BILLIMORIA & CO.,
Chartered Accountants.

KAZUYOSHI OHASHI,

Manager,

Chief Executive Officer in India.

BOMBAY, 26th March, 1971.

Schedule of Particulars of Advances required by the Banking Regulation Act, 1949 (Act X of 1949) annexed to and forming part of the Balance Sheet as at 31st December, 1970

As at 31-12-1969 Rs. P.	PARTICULARS	Rs. P.	As at 31-12-1969 Rs. P.	PARTICULARS	Rs. P.
1,05,38,089.17	1. Debts considered good in respect of which the banking company is fully secured ..	1,05,05,354.06	43,510.00	5. Debts due by directors or officers of the banking company or any of them either severally or jointly with any other persons ..	92,958.88
44,24,735.61	2. Debts considered good for which the Banking Company holds no other security than the debtors' personal security ..	55,89,584.34	NII	6. Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members ..	NII
46,31,866.52	3. Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors ..	34,10,325.89	50,800.00	7. Maximum total amount of advances including temporary advances made at any time during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons ..	92,958.88
NII	4. Debts considered doubtful or bad not provided for ..	NII	NII	8. Maximum total amount of advances, including temporary advances granted during the year to companies or firms in which the directors of the banking company are interested as directors, partners or, in the case of private companies, as members ..	NII
1,95,94,171.30		1,94,55,264.59	NII	9. Due from banking companies ..	10,02,007.46

PROFIT AND LOSS ACCOUNT OF BOMBAY BRANCH FOR THE YEAR ENDED 31st DECEMBER, 1970

Previous Year Rs. P.	EXPENDITURE	Rs. P.	Previous Year Rs. P.	INCOME	Rs. P.
9,80,401.82	1. Interest paid on Deposits, Borrowings, etc. ..	9,78,552.36	19,00,324.39	(Less Provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions)	
7,66,009.89	2. Salaries and Allowances and Provident Fund ..	8,49,161.30	4,09,879.95	1. Interest and Discount ..	20,09,077.52
9,000.00	3. Directors' and Local Committee Members' Fees and Allowances ..	9,000.00	NII	2. Commission, Exchange and Brokerage ..	3,47,731.10
59,395.40	4. Rent, Taxes, Insurance, Lighting, etc. ..	57,796.62	16,007.39	3. Rent ..	NII
8,555.00	5. Law Charges ..	10,543.70	NII	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..	916.59
88,226.50	6. Postage, Telegrams and Stamps ..	43,802.72	NII	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..	NII
4,000.00	7. Auditors' Fees ..	6,500.00	951.39	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets ..	NII
35,178.03	8. Depreciation on and Repairs to Banking Company's Property ..	76,276.29	NII	7. Other Receipts ..	241.24
31,569.61	9. Stationery, Printing, Advertisements, etc. ..	40,527.35	NII	8. Net Loss ..	20,405.05
1,81,810.88	10. Loss on Sale of or Dealing with Non-Banking Assets ..	8,07,211.16	NII		
29,325.16	11. Other Expenditure ..	NII	23,27,168.12		
1,700.00	12. Loss on Revaluation of Investments ..	NII			
2,12,780.60	13. Net Profit ..	NII			
23,27,168.12	Total .. Rs.	23,27,371.50	23,27,168.12	Total .. Rs.	23,27,371.50

Previous Year Rs. P.	PARTICULARS OF REMUNERATION RELATING TO MANAGERS	Rs. P.	As per our report of even date.	For The Mitsui Bank Ltd.
60,840.00	Salary ..	64,378.08	S. R. BILLIMORIA & CO.,	KAZUYOSHI OHASHI,
29,325.16	Allowances ..	23,764.18	Chartered Accountants.	Manager,
8,358.50	Monetary Value of Perquisites ..	10,882.12		Chief Executive Officer in India.
98,563.66	Total .. Rs.	1,04,024.39	BOMBAY, 26th March, 1971.	

AUDITORS' REPORT

We have audited the attached Balance Sheet of the Bombay Branch of the Mitsui Bank Limited, as at 31st December 1970, and also the Profit and Loss Account of that Branch for the year ended on that date, annexed thereto, and report that:—

(a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Branch so far as appears from our examination of those books;

(c) the Balance Sheet and Profit and Loss Account of the Bombay Branch of the Bank dealt with by this report are in agreement with the books of account.

(d) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts subject to the notes thereon, give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and on such basis the said Balance Sheet gives a true and fair view of the state of affairs of the Bombay Branch of the Bank as at 31st December 1970, and the Profit and Loss Account gives a true and fair view of the loss of the Branch for the year ended upon that date.

BOMBAY, 26th March, 1971.

S. R. BILLIMORIA & CO.,
Chartered Accountants

Bank of America

NATIONAL TRUST AND SAVINGS ASSOCIATION

Incorporated in U.S.A. with Limited Liability

INDIAN BRANCHES

BALANCE SHEET AS AT 31st DECEMBER, 1970

Previous Year Rs.	CAPITAL AND LIABILITIES	Rs.	P.	Rs.	P.	Previous Year Rs.	PROPERTY AND ASSETS	Rs.	P.	Rs.	P.
	1. Capital :						1. Cash :				
	Deposited with Reserve Bank of India under Section 11 (2) of the Banking Regulations Act, 1949, Government Securities of the face value of Rs. 4,000,000 (market value Rs. 3,938,000) included in investments per contra					10,065,410	In Hand and with Reserve Bank of India and State Bank of India (including Foreign Currency Notes)			15,484,764.73	
Not applicable				Not applicable		683,098	2. Balances with Other Banks :			385,038.02	
Not applicable	2. Reserve Fund and Other Reserves			Not applicable		1,100,000	On Current Account in India				
	3. Deposits and Other Accounts :						3. Money at Call and Short Notice				
275,087,806	Fixed Deposits	319,253,727.32					4. Investments (at Cost) :				
11,939,761	Savings Bank Deposits	14,243,773.46				67,717,530	(i) Securities of the Central and State Governments and other Trustee Securities	66,436,768.54			
52,344,688	Current Accounts, Contingency Accounts, etc.	59,210,535.51				(67,911,500)	Face Value	67,354,500			
339,322,256				332,713,036.20		(67,065,920)	Market Value	70,870,738			
	4. Borrowings from Other Banking Companies, Agents, etc. :					12,500,000	(ii) Treasury Bills of the Central and State Governments	51,500,000.00			
Nil	(i) In India	Nil				300,000	(iii) Ordinary Shares (Partly Paid) (Unquoted)	300,000.00			
Nil	(ii) Outside India—Unsecured	13,933.41		13,933.41		489,437	(iv) Debentures	401,338.66			
Nil						31,006,967	(Market Value Rs. 4,81,250)			118,787,107	
1,632,781	5. Bills Payable			2,221,437.01			5. Advances :				
	6. Bills for Collection Being Bills Receivable as per contra :						(Other than bad debts for which provision has been made to the satisfaction of the Auditors)				
6,136,037	(i) Payable in India	7,117,206.06				226,085,907	(i) Loans, Cash Credits, Overdrafts, etc. :				
2,117,862	(ii) Payable outside India	2,641,180.17		0,758,395.23		Nil	(i) In India	226,088,104.02			
8,283,809						226,045,907	(ii) Outside India	Nil			
	7. Other Liabilities :						(2) Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments) :	226,088,104.02			
Nil	(i) Branch Adjustments (in India)	510,861.12				15,752,130	(i) Payable in India	17,515,040.22			
8,003,090	(ii) Amount due to Head Office and Foreign Branches	3,280,866.63				5,800,970	(ii) Payable outside India	11,407,821.63			
7,259,556	(iii) Interest Accrued on Deposits	4,474,917.20				21,553,100	(Particulars of Advances as per Schedule attached)	29,012,870.85			
907,847	(iv) Suspense Liabilities	3,493,265.38				247,639,007	6. Bills Receivable Being Bills for Collection as per contra :				
317,270	(v) Unearned Discount	173,117.65		12,238,058.03		6,136,037	(i) Payable in India	7,117,206.06			
11,478,771						2,117,862	(ii) Payable outside India	2,641,180.17			
	8. Acceptances, Endorsements and Other Obligations per contra			50,192,776.78		8,253,809				9,768,395.23	
	9. Profit and Loss :						7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra			50,192,776.78	
Nil	Balance brought forward	Nil				41,834,177	8. Premises Less Depreciation			Nil	
3,801,937	Add—Profit for the year as per Profit and Loss Account annexed	3,271,066.13				Nil	9. Furniture and Fixtures :				
3,801,937	Less—Merged with Head Office and Branch Balances	3,271,066.13		Nil		1,777,211	As per last Balance Sheet	1,068,820.87			
3,801,937						443,094	Add—Additions less Sales during the year	58,885.64			
Nil						2,221,005	Less—Depreciation written off during the year	2,025,706.51			
	10. Contingent Liabilities :					253,084		282,418.70			
300,000	(i) On investments in shares in respect of uncalled capital	300,000.00				1,068,821	10. Other Assets :				
34,401,532	(ii) On guarantees issued on behalf of constituents	42,034,583.57				1,151,708	(i) Interest accrued on Investments	1,176,631.71			
46,058,403	(iii) On Outstanding Foreign Exchange Contracts	80,046,851.32				696,777	(ii) Other Interest Accrued	992,030.41			
						4,001,929	(iii) Prepaid Expenses and Sundry Amounts Receivable	5,132,311.15			
						3,006,351	(iv) Amounts due from Head Office and Foreign Branches	7,980,052.16			
						2,477	(v) Stamps	3,529.85			
						366,810	(vi) Deposits	400,667.00			
						54,852	(vii) Branch Adjustments (in India)				
						9,970,504					
						Nil	11. Non-Banking Assets Acquired in Satisfaction of Claims			Nil	
402,021,883	Total			467,137,636.75		402,021,883	Total			467,137,636.75	

As per our report of even date attached.

B. B. BILLIMORIA & CO.,

Chartered Accountants.

B. D. MORRISON

Manager

BOMBAY, 12th April 1971.

BOMBAY, 12th April 1971.

Bank of America—(Contd.)

Schedule of Particulars of Advances required by the Banking Regulations Act, 1949 (attached to and forming part of the Balance Sheet as at 31st December 1970)

Previous Year Rs.	PARTICULARS OF ADVANCES	Rs.	P.	Previous Year Rs.		Rs.	P.
105,140,059	(i) Debts considered good in respect of which the Banking Company is fully secured	121,402,739.	36	71,550	(v) Debts due by Directors or officers of the Banking Company or any of them either severally or jointly with any other persons .. .	111,082.00	
47,262,568	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security .. .	35,980,360.	00	Nil	(vi) Debts due by Companies or firms in which the Directors of the Banking Company are interested as Directors, partners or Managing Agents or in the case of private companies, as Members .. .	Nil	
95,246,383	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors .. .	97,651,876.	45	72,150	(vii) Maximum total amount of advances, including temporary advances, made at any time during the year to Directors or Managers or officers of the Banking Company or any of them either severally or jointly with any other persons .. .	118,700	00
Nil	(iv) Debts considered doubtful or bad, not provided for ..	Nil		Nil	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the Directors of the Banking Company are interested as Directors, partners or Managing Agents or, in the case of private companies, as Members .. .	Nil	
247,639,007	Total .. Rs.	256,100,974.	87	6,515,834	(ix) Due from Banking Companies .. .	Nil	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 1970

Previous Year Rs.	EXPENDITURE	Rs.	P.	Previous Year Rs.	INCOME	Rs.	P.
11,491,547	1. Interest paid on Deposits, Borrowings, etc. .. .	12,158,842.	95	18,299,071	(Less Provision made during the year for bad and doubtful debts and other usual or necessary provisions)		
2,880,177	2. Salaries and Allowances and Provident Fund .. .	3,200,251.	89	3,067,196	1. Interest and Discount .. .	19,130,785.	00
Nil	3. (a) Directors' and Local Committee Members' Fees and Allowances .. .	Nil		Nil	2. Commission, Exchange and Brokerage .. .	8,057,638.	53
22,283	(b) Advisory Board Members' Fees and Allowances .. .	19,461.	70	Nil	3. Rents .. .	Nil	
782,236	4. Rent, Taxes, Insurance, Lighting, etc. .. .	783,954.	22	218,969	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) .. .	86,817.	51
25,926	5. Law Charges .. .	15,321.	75	Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserve or any particular Fund or Account) .. .	Nil	
272,680	6. Postage, Telegrams and Stamps .. .	318,788.	49	Nil	6. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets .. .	Nil	
15,000	7. Auditors' Fees .. .	15,000.	00	Nil	7. Other Receipts .. .	Nil	
253,084	8. Depreciation on and Repairs to the Banking Company's Property: (a) Depreciation .. .	282,418.	70				
298,678	(b) Other Expenses .. .	107,713.	88				
225,183	9. Stationery, Printing, Advertisements, etc. .. .	204,710.	80				
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets ..	Nil					
1,508,559	11. Other Expenditure (including Head Office Supervision Charges) .. .	1,900,310.	14				
3,801,937	12. Balance of Profit .. .	3,271,066.	13				
21,575,239	Total .. Rs.	22,275,241.	64	21,575,239	Total .. Rs.	22,275,241.	64

Notes forming part of the Accounts:—

1. The remuneration to the Chief Executive Officer was as under:—
- | | |
|---|-------------|
| Salary .. . | Rs. 126,438 |
| Allowances .. . | Rs. 80,298 |
| Monetary value of other benefits or perquisites (calculated according to Income Tax Rules) .. . | Rs. 18,805 |
| | Rs. 225,541 |

2. The Balance Sheet and the Profit and Loss Account have been prepared in conformity with Forms A and B of the Third Schedule to the Banking Regulation Act, 1949.

E. D. MORRISON
Manager.

As per our report of even date attached,
S. B. BILLIMORIA & CO.,
Chartered Accountants,
BOMBAY, 12th April 1971.

REPORT OF THE AUDITORS

We have audited the attached Balance Sheet of the Indian Branches of the Bank of America, National Trust and Savings Association, as at 31st December 1970 and also the Profit and Loss Account of the Indian Branches of the Bank for the year ended on that date annexed thereto, and report that:—

- (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
- (c) the Balance Sheet and Profit and Loss Account of the Indian Branches of the Bank dealt with by this report are in agreement with the books of account;

(d) in our opinion, and to the best of our information and according to the explanations given to us, the said accounts subject to and read with the notes thereon give the information required by the Companies Act, 1956, in the manner so required for Banking Companies, and on such basis the said Balance Sheet gives a true and fair view of the state of the affairs of the Indian Branches of the Bank as at 31st December 1970 and the Profit and Loss Account gives a true and fair view of the Profit of the Indian Branches for the year ended upon that date.

BOMBAY, 12th April 1971.

S. B. BILLIMORIA & CO.,
Chartered Accountants.

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EXPORT ANGLE

By Stevedore

Lag in exports

IT is still doubtful whether the final figures for 1970-71 will show that we have been able to reach the target of 7 per cent growth in exports that the Government had planned. During the month of January exports totalled Rs 143.72 crores which means during the 10-month period from April 1970 to January 1971 exports amounted to Rs 1,241.10 crores. This figure shows a rise of Rs 53.12 crores over the corresponding figure of Rs 1,187.98 crores during 1969-70. But all the same it means that exports had risen by just 4.5 per cent in April-January compared to the same period in 1969-70. Actually exports during January this year were lower than those in January 1970. It is this which has dampened the hopes that were raised when the April-December figures showed a percentage rise of 5.2 over that of the corresponding period in the preceding financial year. □

Packing credit

THE Reserve Bank of India has raised the interest ceiling to 7 per cent per annum from 6 per cent for pre-shipment (packing credits) and post-shipment credits advanced by scheduled commercial banks. However, the maximum rate of interest to be charged on credits allowed on deferred payment terms will continue to be 6 per cent. Presumably, the Reserve Bank believes that the hike in the interest ceiling for credit for current value exports will do no harm. But it recognises that there is a stiff competition in the export of capital goods where various incentives are offered by different countries. It had also to take into account that with the rise in the Bank rate from 5 per cent to 6 per cent the commercial banks had no margin left on credits advanced to exporters and the relief came only from the 1.5 per cent subsidy paid by the Government against export credit. The raising of the ceiling to 7 per cent from 6 per cent restores the margin of 1 per cent between the Bank rate and the maximum rate that can be charged by banks on current export credits. □

Kamani's big contract

THE Kamani Engineering Corporation has just announced that it has won a Rs 3-crore order for a turnkey project in Thailand. The Corporation will supply 4,000 tonnes of transmission line towers and allied equipment and erect a 230 kv double circuit line having a route length of 255 km from Sirikit Dam to Nakhon Sawan. The project is financed by the World Bank. This new contract for the Kamani Engineering Corporation comes within a week of its being honoured by the Federation of Indian Chambers of Commerce and Industry for making an impressive breakthrough in the export of transmission towers and conductors. It has exported such towers to Canada, Iran, New Zealand, Nigeria, the Philippines, the US and several other countries. (See Commerce dated April 17). □

Cables for the UAR

THE Oriental Power Cables has secured a Rs 2.7-crore order for high tension

pilc (paper insulated lead covered) underground cables with aluminium conductors from the UAR. The order is too large for Oriental Power Cables, and according to its General Manager, Mr H N. Srivastava, it will be shared with other cable companies on a consortium basis.

There is one big hitch, however, in the fulfilment of this order. It is the fact of the adverse balance of trade of the UAR with this country. The trade between the two countries is on a rupee basis which is normally supposed to be a balanced one. However, Indian exports this year have been running much ahead of the imports from the UAR. This has raised certain difficulties for the trade between the two countries and obviously Mr Srivastava feels that this imbalance in trade might upset the execution of the order. As a precautionary measure the order has been booked on a five-year deferred payment basis. The cables are needed for the UAR's rural electrification programme. This is an massive programme which will be backed by a very large credit from the Soviet Union. Quite a substantial part of the loan of LE210 million (about Rs 378 crores) that the Soviet Union agreed last month to extend to the UAR is to be spent on rural electrification of the country. As this electrification proceeds there will be scope for larger exports of cable and other electrical goods to that country provided we are able to get over the current difficulties with our rupee trade with the UAR. How this is to be done is currently engaging the attention of the Governments of the two countries. □

Uptrend in spices

WE seem to have done quite well with exports of spices during 1970-71. According to the Spices Export Promotion Council shipments during the last financial year totalled 46,373 tonnes and earned foreign exchange of Rs 38 crores. The corresponding figures of 1969-70 were 43,975 tonnes and Rs 34 crores.

Pepper, cardamom, turmeric and ginger were the important items which contributed to the higher foreign exchange earnings. Earnings of cardamom alone were of the order of Rs 11 crores against Rs 9 crores in 1969-70. Even though pepper exports did not reach last year's level, the share of pepper in the total earnings during 1970-71 was about 40 per cent while turmeric and ginger contributed 10 per cent and 7 per cent respectively. □

Transformers for Tanzania

THE Kerala Government-owned Transformers and Electricals Ltd (TELK) has secured in co-operation with the Indian consortium for power projects an order for the supply of two 50,000 kva transformers costing about Rs 10 lakhs each to the Tanzanian Electricity Supply Authority. The transformers are to be installed in Ubungo power station near Dar-es-Salaam and will be largest ones so far exported from India. The Managing Director of TELK, Mr A. O. Oommen, has said that the order was secured against keen world-wide competition. This is the

second export order that TELK has secured. The first one was from Malawi for Rs 50,000 worth of current and potential transformers. □

Dollar-earning papads

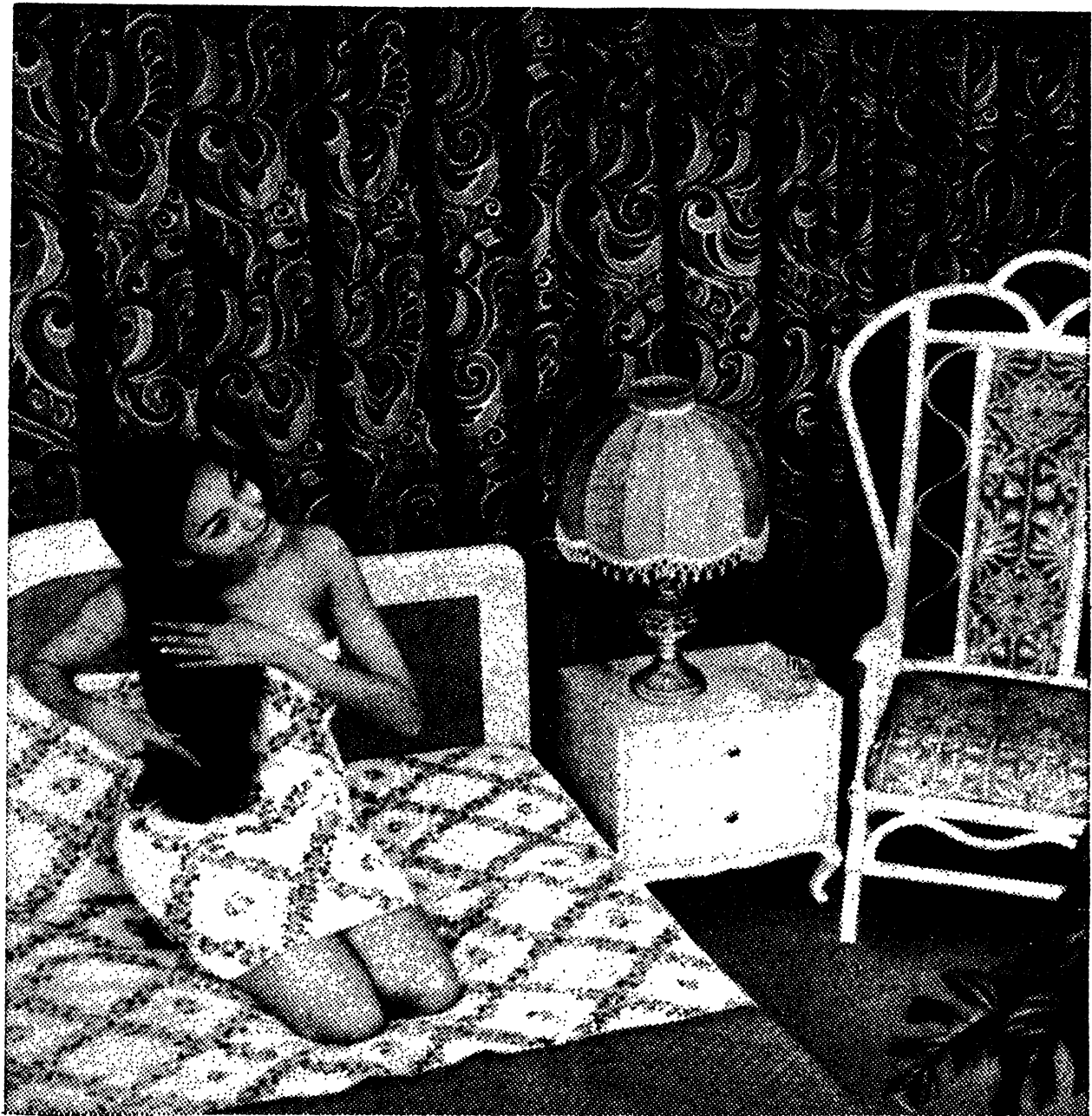
INDIAN pickles and papads do earn foreign exchange for the country. A small organisation in Bombay, Mahila Griha Udyog, earned last year about Rs 7 lakhs from the export of papads to the United Kingdom, the United States, France, the USSR and Japan. The organisation has currently an annual turn-over of Rs 40 lakhs and employs about 1,800 workers. Mr Kantilal N. Dalal, Vice-Chairman of the Processed Foods Export Promotion Council, feels that exports of papads could be stepped up to Rs 1 crore if the Government granted adequate incentives. □

Success at Hanover

INDIAN participation at the International Machine Tool Exhibition held in Hanover has been a great success. At the Fair itself, held in September 1970, the members of the Indian Machine Tool Manufacturers Association were able to secure orders of the value of over Rs 58 lakhs. The business likely to materialise as a follow up in the next one or two years would be about Rs 1.10 crores. Since then a number of agents and distributors in the European countries have come forward with offers of agency agreements with Indian firms. About 25 agencies are being finalised and nearly 37 agencies are under negotiation. The agency arrangements would give India a permanent foothold in the international market for machine tools. What was particularly heartening was that after seeing the working demonstration of the Indian machine tools, German collaborators came forward with proposals to act as distributors for these products in Germany and other overseas markets. Manufacturers from Germany and other European countries also evinced interest in collaboration with Indian manufacturers. The Hanover Fair would thus appear to have helped our machine tool industry to make a breakthrough in the export of its products to the European markets. The Indian participants at the fair included HMT, Godrej, Beco, Cooper, Kirloskar, Gedee Weiler, Telco, PSG Ind Inst, M.M. Tools, NSIC and Traub India. □

Cement shipments

THE State Trading Corporation has signed a contract for the export of 1.35 lakh tonnes of cement valued at Rs 1.75 crores during the current year. The five countries which would be buying this cement are Kuwait, Muscat, Bahrain, Dubai and Abu Dhabi. Shipments will commence in May. A delegation of the STC was recently on a visit to the Gulf countries to explore the possibility of exporting cement. The STC has plans to ship four lakh tonnes of cement during 1971-72 against 2.05 lakh tonnes valued at Rs 2.65 crores in the preceding year. One difficulty last year was inadequate shipping space. There was also the problem created by the upward trend in freight rates. □



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bedsheets, in stunning stripes,
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BOMBAY DYEING

DOCUMENTS

THE ASIAN SCENE

Ill-timed signs of aid fatigue

ASIA, as a whole, has been undergoing a process of deep-seated change since the end of the Second World War, and particularly so since the commencement of an organised drive towards economic development in its various countries. While it is true that the idea and the practice of economic and social planning have become generally accepted among the developing countries of the world, it is in the understanding of what planning for economic development constitutes, rather than in its mere acceptance as a tool, that the experience of the region in the near past has been most significant.

Recent experience in the region has underlined the imbalances of concentration that earlier underlay the philosophy and practice of economic planning in the region. Important among such imbalances of concentration were (and, from place to place or time to time, may still be): (i) Relative neglect of agriculture as a sector and unbalanced emphasis on industrialisation and/or on infrastructure development *per se*; (ii) direction of planning towards increasing investment as such and inadequate attention to the promotion of productivity from the investments made; (iii) inadequate attention to internal monetary and fiscal policy and somewhat less than appropriate concern with the risks attendant on inflation or deficit financing; (iv) attempts to achieve external viability by import substitution almost at any cost with less emphasis on the factors conducive to expansion of export earnings; (v) non-recognition, or inadequate recognition, till recently, of the impact of the population problem on economic development; (vi) inadequate attention to the development of human capital resources; and (vii) inadequate attention to the social environment of economic growth to the problems of urbanisation, of redistributive mechanisms, of social stability.

With growing realisation that economic development is not the mere establishment of new industrial structures or of new railroads and ports and the like, the importance of proper policy formulation as an essential concomitant of sound investment is becoming recognised and, in varying degrees, is being reflected in the preparation of plans. The ambit of policy formulation is also being widened: the provision of incentives to maximum productivity, the rationalisation of investment on the basis of consciously-made choice between technoeconomic and socio-economic alternatives, the integration of fiscal, monetary and credit measures to serve the ends of economic progress, the promotion of efficient management, the attempts to achieve a

social framework conducive to economic growth: these are aspects of increasing awareness of the width of the spectrum of which economic development is only the middle band.

On no other field has the impact of change in the recent years been so pronounced as on the priority accorded to agriculture. The most evident outward results have been in the increase in crop production, in the attempts to increase consumption (and local production) of fertilisers and pesticides, in the efforts towards better seed selection and water management, in the evolution of appropriate agricultural credit and price policies and, in net, in the shift of relative emphasis from extensive cultivation to a balance between extensive and intensive cultivation.

The results, while varying, have shown a distinct trend for most countries, as table 1 shows, in two crops of the greatest

have been reported from time to time in the Asian developing countries, the ultimate test of advance in transportation would seem to lie in the volume of passenger and cargo traffic moved by rail and in the number of carriers using the roads. Asia, Africa and Latin America contain 71 per cent of all the world's people, but account for only 15 per cent of the world's rail freight and 17 per cent of the world's trucks and buses.* Lack of effective transportation (whether this is due to inadequate investments, uneconomic policies or a combination of both) could be, and in all probability is, a major handicap in the region, affecting the economic development by increasing costs, reducing mobility of the factors of production, lowering market access and increasing disparities within, and between, member-States.

Turning now to industrialisation, the developing countries of the region registered, statistically, progress in varying degrees. In the five-year period 1963-68, the Republics of China and Korea showed, in terms of the indices of manufacturing production, increases of 150 per cent or more. Progress in Hongkong and Singapore was

Table 1: Rice and wheat production in selected Asian countries
(In '000 tonnes)

Country	Paddy rice					Wheat				
	1952-56 (Average)	1960	1963	1966	1969	1952-56 (Average)	1960	1963	1966	1969
Afghanistan ..	300	319	319	337	390	2,162	2,279	1,947	2,033	2,300
Cambodia ..	1,663	2,335	2,622	2,376	2,253	..	..	..	..	..
Ceylon ..	606	897	1,026	955	1,477	..	..	..	..	..
China, Republic of ..	2,178	2,505	2,763	3,117	3,178	19	46	19	29	10
India ..	39,878	51,297	55,497	45,657	63,000	7,901	10,324	10,776	10,424	18,652
Indonesia ..	11,068	12,402	11,900	14,056	16,580	..	..	..	..	..
Korea, Republic of ..	3,647	4,117	5,079	5,297	5,527	192	258	228	315	374
Laos ..	490	500	520	754	932	..	..	..	..	..
Malaysia ..	685	1,021	1,040	1,106	1,020	..	..	..	..	..
Nepal ..	2,486	2,690	2,108	2,007	2,322	123	130	138	147	227
Pakistan ..	12,786	16,053	17,724	16,410	20,100	3,147	3,938	4,215	3,951	6,711
Philippines ..	3,230	3,705	3,843	4,094	4,997	..	..	..	..	..
Thailand ..	7,236	7,835	10,029	11,975	11,000	..	..	..	..	..
Vietnam, Republic of ..	2,939	4,955	5,327	4,336	5,115	..	..	..	..	..
Total ..	89,192	110,631	119,797	112,477	137,891	13,544	16,975	17,323	16,899	28,274
Total for the world ..	200,844	236,539	253,198	253,167	294,650	207,867	243,608	240,175	308,894	318,275

SOURCES: United Nations Statistical Yearbook, 1969, Food and Agriculture Organisation (FAO) Monthly Bulletin of Agricultural Economics and Statistics, June 1970 and FAO Production Yearbook, 1969.

importance in the region, namely, rice and wheat.

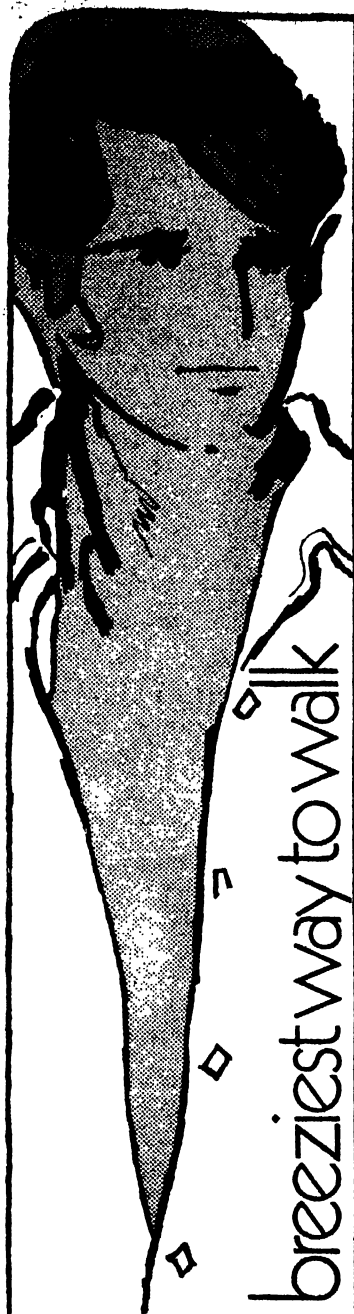
Considerable advance has been achieved by the developing countries in the Bank's membership in investments in infrastructural and industrial activities. The production of electrical energy has an important significance not only as an indicator of, but also as a propulsive force in, the advancement of a country's economy. The figures in table 2 (which are the nearest approximations available) show the progress made in this sector.

In another important field of infrastructure development, namely, transportation, the evidence of progress has not been equally striking. Illustratively, while substantial road and rail investments

evidently equally striking. Progress in other member-countries was uneven, recording, generally, increases of about 20 to 50 per cent. These figures, in terms of indices, are, however, not accurately indicative of the extent of industrial progress.

A review of the content of industrial progress in the developing countries of the region, nevertheless, shows important changes of far-reaching significance. There was a diversification of production from lines regarded as traditional till the early 1960's. The output of iron and steel, of aluminium, of machine tools and precision instruments, of fertilisers and pesticides,

*United Nations Statistical Yearbook, 1969.

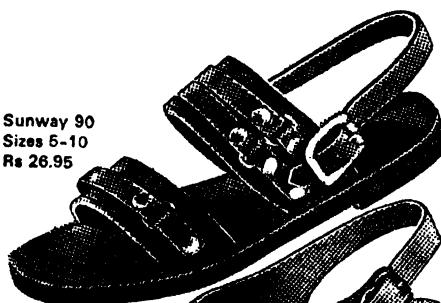


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Table 2 : Production of electrical energy of selected Asian countries
(In million kilowatt hours)

Country	1953	1960	1963	1966	1969
Afghanistan	16	119	180	308	2541
Cambodia	24.5	59.8	86.8	80.3	125
Ceylon	144	302	450	537	6121
China, Republic of	1,564	3,797	5,157	7,527	11,124
Fiji	6	55	84	113	139
Hong Kong	436	1,301	2,061	3,120	3,861
India	8,681	20,123	30,305	40,512	49,476
Indonesia	718	1,161	1,548	1,634	1,6071
Korea, Republic of	786	1,758	2,514	4,186	7,737
Laos	1.2	12.8	n.a.	30	37
Malaysia	777	1,242	1,690	2,523	3,169
Nepal	6	11	n.a.	29	431
Pakistan	411	1,450	2,900	3,903	4,991.2
Philippines	1,111	2,751	4,218	5,567	4,761
Singapore	281	659	823	1,236	1,878
Thailand	158	594	906	1,854	3,246
Vietnam, Republic of	162	306	398	635	1,028
Total	85,200	227,300	264,400	393,800	463,0001
Total for the world	1,264,100	2,303,600	2,848,800	3,636,100	4,191,900

1 1963. 2 1967.

SOURCES : United Nations Statistical Yearbook, 1969, Statistical Yearbook for Asia and the Far East, 1969, Asian Economic Statistics, Reprint from the Economic Bulletin for Asia and the Far East, 1970. For Fiji, Bureau of Statistics, Current Economic Statistics, October 1970.

of chemicals, of rolling stock, vehicles and telecommunication equipment, all rose during the period. Important beginnings were made in the petrochemical and the electronic industries. Industrial progress is the sum total of investments, transfers of technology, development of operating and managerial skills and exploitation of markets; and of these factors the "gestation period" for at least the last three factors is substantial. The point to note, however, is that, in this decade, a meaningful start was made and distinct progress achieved.

There is indeed some indication that results are already beginning to show. Despite many limitations, the developing countries of the region have not merely been able to impart a significant amount of momentum to their industrial progress on the basis of import substitution, but have also begun to make some headway in the export field. Apart from the more "traditional" exports, several of the developing countries of the region have been able to move, on an internationally competitive basis, into exports, variously, of finished steel, rolling stock, fishing vessels, machine tools, telecommunication equipment, transmission equipment, tractors and construction equipment, fertilisers, electrical appliances and processed farm products. While these constitute only a small proportion of the world commerce in such goods, the fact that it has been possible to make a start is indicative of the potential of the near future, given the right policies and incentives in the developing countries and a co-operative attitude on the part of the major world buyers—the industrialised countries.

Judged from the point of view of the quantum of investment already made, it is evident that there are significant areas of under-utilisation of industrial capacity even as there are in agriculture. The reasons may be one or more of many. The performance of the region in its industrialisation strategy in the past decade also yields some valuable indicators for future policy-making. There is need for improvement in the institutional framework: more organised credit facilities particularly for working capital needs (even though national development banks have on the whole performed well in the

investment-credit function), a more careful application of the import-substitution principle in industrialisation so that the scarce resources available are put to the genuinely gainful use, strengthening of export incentives and activities designed to overcome the limitations of scale inherent in most domestic markets of the region, willingness to associate with suitable external enterprises so as to encourage a systematic updating of technological processes and managerial efficiency, rationalisation of tariff and other protective methods so that they cannot be utilised by entrepreneurs to inflict high-cost production on the consuming public and the framing of fiscal, monetary and other economic policies that would tend to maximise capital formation.

The prospects of joint multi-national investments in the region need also to be examined in detail and in concrete cases so that the widely-expressed aspirations to utilise the rich natural resources of the region to the maximum common benefit of its population do not remain only aspirations. And above all, there is the constant need to review and enhance national investments in the development of human capital resources—without which other investments cannot be decided or manipulated to maximum gain; there would be a case for a critical appraisal of the educational policies of several countries in the region so that the educational system can be made to conform better to the needs of improvement in the material well-being, which is a basic objective of economic development.

Figures of exports (f.o.b.) of the regional developing member-countries show a movement from \$8,192 million in 1963 to \$12,544 million in 1969 while imports (c.i.f.)

moved from \$10,776 million to \$16,380 million in the same period. In addition to the increasing imbalance between exports and imports there is in most of the countries the pressing burden of service-obligations on past foreign debt (even though incurred in most cases for developmental purposes). This latter factor is particularly important in the countries which began their development effort in the 1950's, when global philosophy on developmental aid had not yet reached the stage which made "soft loans" a significant element of developmental aid in the 1960's.

From overall projections made by the World Bank for South Asia and East Asia, the service payments on existing foreign debt, which for the two sub-regions crossed the billion dollar level in 1968-69, will continue to hover near the \$1.2 billion level till 1975. The gradual decrease thereafter, which is possible according to the forecasts based on existing debt, can only materialise if further developmental aid is given on more appropriate terms than has been the case so far and if the case for "restructuring" of debt is sympathetically viewed in deserving cases.

The slowness of pace in economic growth so far in the Asian developing countries as a whole, the continuing imbalance between exports and imports, and the strain of debt service payments already felt and certain to continue for a considerable time to come—these, basically, constitute the case for more adequate foreign aid on truly concessional terms. The evidence, however, has been that the net aid receipts into the Asian region have certainly not kept pace with the need—they have in fact deteriorated for South Asia (Table 3).

At a time when a break-through in agriculture is clearly in sight provided the resources are made available, at a time when developing members have shown on the whole a distinct improvement in internal resource mobilisation, at a time when, hopefully, trade opportunities in new fields may open up for developing countries if investment flows can be maintained, the present signs of aid fatigue are singularly ill-timed. Not only is the time ripe for an increase in aid flows—on appropriate terms—but organisations such as the Asian Development Bank now provide increasingly more efficient mechanisms through which aid can be channelled and applied where it will do most good.

Asian developing countries, noting the aid fatigue in certain parts of the world only partly made up for by the decisions of some other countries, as instanced particularly by Japan, to enlarge the quantum of their aid, also hope for further liberalisation of the terms of aid. □

Table 3 : Net total official aid flows reaching South Asia and the Far East

Classification	1965	1966	1967	1968	1969
South Asia	1,915.2	1,788.0	2,041.7	1,630.8	1,398.3
Far East	944.1	1,135.9	1,372.5	1,412.8	1,987.0
Total	2,859.3	2,923.9	3,414.2	3,043.6	3,385.3

SOURCE : Organisation for Economic Co-operation and Development : Development Assistance, 1969 and 1970 Reviews.

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Company Meeting

Dunlop India Limited

Chairman, Mr R. G. S. Nairn's Review

THE following is the address by the Chairman, Mr R. G. S. Nairn, at the 45th Annual General Meeting held on April 19, 1971, at Calcutta.

I have pleasure in welcoming you to the 45th Annual General Meeting of the Company.

As the Directors' Report and Accounts for the year ended 31st December, 1970, have been in your hands for some time, I should like, with your permission, to take them as read.

The Year's Trading

Total sales increased by 8 per cent over 1969 to Rs 87.71 crores.

Once again the demand for nearly all our products was in excess of our production capacity. In the case of automotive tyres, the position was aggravated by the dislocation of production in some other tyre manufacturing units, which resulted in a shortage of truck and rear tractor tyres in the second half of the year. This situation was rectified in conjunction with the other members of the Automotive Tyre Industry. Despite overall cost increases, the Automotive Tyre Industry voluntarily reduced the replacement market prices for truck and rear tractor tyres by 0.75 per cent with effect from 1st January, 1971, in order to create an atmosphere in which these tyres could become available at fair prices. I am pleased to tell you that these measures have had the desired effect. The Tyre Industry also reduced the Defence prices for truck tyres by 0.75 per cent with effect from 1st January, 1971.

During the period of shortage, your Company naturally had to give priority to supplies for Defence and State Transport organisations to enable them to keep their fleets operational, and to vehicle manufacturers to maintain their programmed production. However, due to the shortage of Industry capacity for rear tractor and earthmover tyres, agricultural tractor and earthmoving machinery manufacturers were not able to obtain their full requirements. We are doing everything possible to expand output of these tyres.

The demand for nylon truck tyres continued to increase in the domestic market. However, Industry production could not keep pace after meeting export commitments, due to the insufficient availability of nylon tyre cord, all of which is imported. It is important that indigenous production of nylon tyre cord becomes available as soon as possible and, in the meantime, larger imports should be permitted.

The total sanctioned capacity of the existing automotive tyre manufacturers is 52 lakhs; a Letter of Intent for 4,00,000 tyres was issued to a new unit in 1969 making a total of 56 lakhs. However, some of this capacity is unlikely to become available until 1974/75.

Experience has shown that due to labour problems, shortage of electricity,

dislocation of transport and similar problems, a maximum of 90 per cent of the Industry capacity has been utilised in any year. On this basis, in 1973/74 the effective Industry capacity is likely to be reduced to about 50 lakh tyres compared with an estimated demand of 75 lakh tyres. The demand could increase to about 80 lakh tyres in view of the more intensive utilisation of vehicles as a result of increasing industrial and agricultural activity, and if some of the new vehicle manufacturing projects materialise.

These facts and the recent tyre shortage once again highlight the need for a Government policy which will ensure that there is sufficient available capacity and actual production of automotive tyres and tubes to meet the growing demand of the domestic and export markets. This policy must ensure that Letters of Intent are implemented quickly. The reason for the serious tyre shortage which developed in 1968 was that four proposed new units which were granted Letters of Intent in the early 1960s for a total of 12 lakh tyres did not implement their schemes and the Government had finally to revoke these Letters of Intent. A number of Letters of Intent have recently been issued to new units for a total capacity of 24 lakh tyres. Based on past experience, it is likely to take a new manufacturer several years to implement a capacity of 3,00,000 tyres, which is now considered to be the minimum economic unit. On the other hand, an existing manufacturer with experience in implementing expansions and with the necessary technical and managerial skills, can achieve this within two years.

The Government should not, therefore, wholly rely on new units to meet the additional demand for tyres but should also permit expansion to existing manufacturers to make sure that the country is not short of a vital product. Your Company is ready to play its part in meeting the future demands of the country.

During the year, we continued our efforts to expand the Industrial Products side of our business and our two outstanding achievements were:—

1. A contract worth Rs 1.5 crores with the Neyveli Lignite Corporation for the supply of special cotton/nylon conveyor belting. This is the largest contract ever to be placed in this country for conveyor belting.

2. Introduction of Metalastik rubber to metal bonded components for the Indian Railways, particularly a large mounting for diesel and electric locomotives.

Exports

In 1970, your Company achieved yet another record—our exports of all products crossed the Rs 3 crore mark, which represents an increase of approximately 9 per cent over 1969. This was achieved in the face of stiff international competition

and was only made possible by the development of new markets, constant market research, product development and the continuous assistance which we receive from our U.K. Associates and their worldwide distribution organisation. A notable achievement was that our exports to the General Currency Area markets, where competition is most severe, increased by 36 per cent.

Automotive tyre and tube exports in 1970 were 11.6 per cent of our production as against the guarantee of 10 per cent which we have given to the Government. We consider this to be a very good performance for a non-traditional item. Dunlop India's automotive tyre and tube exports constituted 43 per cent of the total exports of these products from India.

During the year, we developed ten new markets and introduced a special type of cycle tyre called "Slik" for the sophisticated American market, a new tyre design for earth-moving machines and two new types of cycle rims. Our cycle tyres greatly assist the exports of bicycles manufactured in the country; in fact, many overseas orders stipulate the fitment of Dunlop cycle tyres. Our exports of cycle tyres and tubes were 77 per cent of the total exports from the country.

It is our constant endeavour to maximise exports but our efforts have at times been handicapped by labour problems, strikes at the ports, irregular availability of shipping space and ever increasing freight rates. Recently, and without reference to the Industry, the export of nylon tyres to the U.A.R. has been banned for 1970/71 under a bilateral trade agreement with that country. Unless this ban is removed, our export efforts will be seriously affected, and the important U.A.R. market, which has been developed after much hard work, will be lost to the Indian Tyre Industry. It would be helpful if the Government were to consult the Industry and take us into its confidence when such agreements are negotiated.

Our export efforts are also dependant very largely on our ability to produce and supply goods at competitive prices. Duty drawback rates have a significant influence and have been suddenly reduced in the past. These are at present once again under review and it is hoped that the rates will not be reduced again; if they are, we may not be able to quote competitive prices. It should be appreciated that with such uncertainties, we are not always able to quote prices for delivery in the future which is a normal characteristic of export business.

Cash subsidy rates should also be established at levels which will encourage exports. We are still losing substantial amounts on our export business.

If such difficulties are not overcome soon, some enquiries for exports which are now being received will ultimately be

diverted by the customers to other sources of supply. This will obviously affect our export achievements.

There is, therefore, an urgent need for the Government to establish long term policies to enable the exporter to plan well ahead to increase exports.

Costs

Costs have risen during the year mainly on account of increases in raw material prices. In the last two years, cotton prices have increased by nearly 50 per cent, and since January 1971 they have risen by as much as 20 per cent. This has necessitated increases in the selling prices for cycle tyres. An excise duty of Rs 300 per tonne has been imposed on indigenous synthetic rubber and since November 1970 octroi has become applicable to all raw materials received at our Sahaganj factory. To these burdens must be added a substantial increase in wages, salaries and dearness allowance.

State trading agencies are now taking an active part in procuring and supplying some of our major raw materials. The State Trading Corporation, for the first time, has commenced purchasing indigenous natural rubber in order to relieve the burden of high stocks with the small growers. We are glad that the rubber purchased by the S.T.C. is available to the Industry at the controlled prices. However, certain other raw materials, such as nickel and titanium dioxide, which have now been canalized through State organisations, cost considerably more than they did when we were able to obtain these materials through direct imports.

Production

Tyre production at our Sahaganj factory was approximately the same as in 1969 with the exception of cycle tyres, which were badly affected by labour difficulties. Consequently, the shortage of Dunlop cycle tyres increased in the domestic market and our export deliveries were badly affected.

Industrial Products output at Sahaganj was satisfactory except for bicycle rims, which suffered severely from the shortage of steel rim strip; this has created difficulties for some of the bicycle manufacturers. Although the import of some rim strip has been permitted by Government, we are still short and there may be further interruptions in the production programme.

Production at the Ambattur factory increased significantly due to the completion of a part of our expansion programmes which will be finished in 1971 and fully effective in 1972. Automotive tube production commenced at Ambattur during 1970. Production of bicycle rims, against the licence for 15 lakhs rims, will commence at Ambattur in 1971.

In accordance with Government directives, we are doing everything possible to maximise production at both factories in order to avert any possible shortages in the future.

Product Development

The company's products continued to enjoy the highest reputation for quality and service during the year.

In keeping with our policy to bring to our customers improved products of latest designs, we have been evaluating modern patterns in the truck tyre range

and the benefits will become apparent to consumers with the introduction of new truck tyres during 1971.

In 1970, we introduced a premium cycle tyre, the "Dunlop Goldseal." This very modern design of tyre is already manufactured in several factories in the Dunlop Group. We expect that it will play an important role in assisting bicycle exports and in developing cycle tyre exports, and will also find its place as India's top quality cycle tyre.

We continued to develop new tyres for the latest civil and military aircraft operating in India and it is our intention to try and make the country self sufficient in aero tyres. During the year, we also became the first manufacturer in India to produce tyres for industrial forklift trucks.

These developments and many others have only been possible as a result of the continuous technical assistance that we receive from our U.K. Associates supplemented by local development work. Our new Technical Aid Agreement, which was submitted to Government at the end of 1969, has not yet been finalised. I am pleased to tell you that Dunlop Limited has been continuing to give us technical assistance during 1970 in the belief that the Government will appreciate the need for us to continue the purchase of technical know-how on a reasonable cost sharing basis.

Tyre technology is continuously changing and the tyre that we make today is very different in terms of design, raw materials and construction, to the one made only a few years ago. Although we have always carried on development work in India to adapt some of the know-how to suit local conditions, it is not possible or practicable for our Company to duplicate the research and development work carried out by our U.K. Associates as the resources required are enormous and completely beyond our capacity.

I have mentioned earlier the very important plans for increasing exports. Success in this field is dependant on our ability to continue the manufacture of products which are fully competitive in international markets in design, quality and performance. The tyre industry throughout the world is in the throes of a technological revolution brought about by new developments in vehicle design, increasingly stringent safety requirements and development of new synthetic polymers and fibres. New tyre designs are gradually replacing conventional constructions; steel, nylon, polyester and other materials are becoming increasingly important in tyre production. We must, therefore, be permitted to keep continuously up to date with these developments not only to compete successfully in the export markets but also to bring the benefits of the latest developments to our domestic customers.

It is important to see this point in the right perspective bearing in mind that the total production of automotive tyres in India is less than 1 per cent of the world production. However, for some products, such as cycle tyres, where the volume of production reaches a sufficiently high level, local research and development work can be undertaken. Our U.K. Associates have proposed that we undertake this work and sell technical know-how to other cycle tyre manufacturers in the

Dunlop Group thereby earning valuable foreign exchange for the country.

Diversification

We are always seeking opportunities for diversification into product fields, which are capital intensive and require sophisticated technology. In view of the increasing need for such new and modern products in the country, we feel that we can play an important part, and we have submitted an application to Government for the manufacture of steel cord conveyor belting, which is essential for iron ore and lignite mining.

There is an urgent need to increase the manufacturing capacity for conventional rubber conveyor belting, and fan and vee belts. By 1973, there will be a substantial shortfall and imports are currently being allowed to augment indigenous production. We, therefore, hope that the Government will take urgent steps to licence additional capacity to existing manufacturers who are in a position to implement expansions quickly and to offer a technologically competent product to the market.

Our Letters of Intent for golf and tennis balls are still under negotiation with the Government.

Personnel

Despite the unsettled conditions, employee relations have remained generally good during the year. In 1970, we concluded negotiations and signed a new five-year agreement covering the engineering operatives at our Sahaganj factory in West Bengal.

The agreements covering the production operatives and staff at the Sahaganj factory, and the staff at the Head Office and the District Offices throughout the country, expired at the end of the year. New agreements are now being negotiated and we hope to finalise them in the near future.

From its inception, the Company has adopted progressive methods and techniques with a view to improving the welfare and conditions of service of all employees. However, it must be remembered that there are limitations and the ultimate welfare of the employees depends upon the continuing prosperity of the Company.

Our training programmes for personnel at all levels continue to make good progress. Consistent with the Company's policy to keep pace with the technological changes and to improve managerial efficiency, new training programmes were developed and introduced.

Profit and Loss Account and Balance Sheet

The financial results for 1970 have already been covered in the Directors' Report, but there are a few points that I would like to make.

As you will have noticed from the accounts, the main feature of the year's trading is that the significant increase in income yielded very little by way of additional profit. The major reasons for this were increased raw material and personnel costs and higher depreciation charges. Another contributory factor was increased interest charges reflecting the higher level of bank borrowings which were needed to finance additional raw material stock holdings, particularly natural rubber and textiles. These increases more than offset the signi-

ificant reduction in accounts receivable, which have been achieved through our continued efforts to make the optimum use of all available liquid resources.

Once again, your Directors have taken into account the substantial cash requirements needed to finance your Company's expansion plans. Accordingly, they propose to maintain the ordinary dividend at 20 per cent for the year, the same as for 1969 and retain the balance of available profit amounting to Rs 1,65,99,000 by transferring this amount to general reserve.

Capital expenditure in 1970 was Rs 3.20 crores. In addition, commitments for capital expenditure at 31st December, 1970, amounted to Rs 5.67 crores. Expenditure includes the implementation of the industry licence received in December 1967 to increase the Company's automotive tyre and tube capacity by 1,35,600 units and 1,24,800 units per annum respectively. Also included are commitments made against the industrial and capital goods licences received in 1969, for the automo-

tive tyre and tube and bicycle rim expansions at the Ambattur factory, and for the replacement of old equipment at the Sahaganj factory.

The major part of the expenditure on the current expansion plans will be met from the Company's own resources. However, additional finance of approximately Rs 2 crores will be required and an application has accordingly been made to the Controller of Capital Issues for the issue of 15,00,000 Ordinary Shares at a premium of Rs 4 per share to members in the ratio of 3 new Ordinary Shares for every 20 Ordinary Shares held. The proceeds of the proposed issue will be Rs 2.1 crores.

The Board

Mr J. A. Moore relinquished his appointment as Managing Director during the year on retirement after long and distinguished service with the Company. I am sure you will join me in wishing Mr Moore a long and happy retired life.

Mr Sachin Chaudhuri also retired from the Board. I would like to take this opportunity of thanking him on your behalf for the wise counsel that he has given us and for the great interest that he has always taken in the Company.

Mr K. Padmanabhan also retired at the end of the year. Here again I would like to take this opportunity of thanking him for his many years of devoted and loyal service to the Company.

Mr J. R. Scott retired from the Board during the year on taking up an appointment with Dunlop Limited, UK and Mr C. J. T. Blease took over from him.

We have now re-organised our executive management team with the appointment of four new wholetime Directors. These are Mr R. N. Basu, Director Accounting, Mr N. S. Bedi, Sales Director Industrial Products, Mr R. M. Bhandari, Director Administration and Industrial Relations and Mr L. J. Tompsett, Sales Director Tyres.

I am sure you will join me in extending a warm welcome to the new Directors.

Future Prospects

Our diversification plans, which I have already mentioned, are designed to broaden the base of the Company's manufacturing activities.

We hope that we will be permitted to have a share of the expansion of the Automotive Tyre Industry, and we have submitted an application to Government for permission to establish a new factory with an initial capacity of 3,00,000 automotive tyres and tubes in Goa, which is an industrially underdeveloped area. In keeping with our policy of forward planning, we have already purchased some land. We hope that this application will be considered favourably, particularly in view of our creditable export performance, a good record of supplies to Defence and vehicle manufacturers and our progressive manufacturing and development policies.

Under the Monopolies and Restrictive Trade Practices Act, your Company can be considered a dominant undertaking. This is so only because according to the Act the basis for calculating market share is the actual production and not the licenced capacity. In 1970, our share of the Automotive Tyre Industry's production was approximately 38 per cent. Our licenced capacity, on the other hand, is only 28 per cent of the total capacity sanctioned by Government to the Industry. It will thus be seen that loss of production in other units and the extent to which they have implemented licenced expansions can actually determine whether an undertaking is dominant or not.

As mentioned earlier the expansion of the Company's Ambattur factory is making good progress. Given stable conditions, your Company will continue to grow and we face the future with confidence and optimism.

In conclusion, I should like to thank all our employees for the efforts they have made during 1970 towards the progress of the Company.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

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BALANCE SHEETS

EXPANSION CONTINUES

Standard Mills pays more

THE Standard Mills Co Ltd (Chairman: Mr Arvind N. Mafatlal, Bombay) has reported better results for the year ended December 31, 1970. Its sales have increased to Rs 27.7 crores from Rs 24.6 crores in the previous year. The gross profit improved to Rs 3.8 crores from Rs 3.3 crores. The net profit, after depreciation and taxation, was maintained at Rs 1.87 crores. The ordinary dividend has been stepped up by 3 per cent to 28 per cent.

The company's gross profit margin works out to 13.7 per cent against 13.3 per cent. The ratio of net profit to net worth comes to 22 per cent (26.3 per cent).

During the year under review, the company's textile turnover at Rs 19.14 crores was Rs 1.63 crores higher than that of the previous year. By catering to the consumers preferences, the textiles division was able to maintain a creditable sales performance and also show better profitability. During the year 109,163 spindles and 2,070 looms, inclusive of 777 automatic looms, were in operation.

All the plants of the chemicals division worked well and recorded higher output than in the previous year. Caustic

ratory, Poona, is nearing completion and will go on stream shortly. The company has received a letter of intent from the Government of India for expanding its present manufacturing capacities by 17,330 tonnes of caustic soda, 15,012 tonnes of chlorine and 5,000 tonnes of hydrochloric acid. Necessary follow-up action is being undertaken.

In the year under review, the first phase of modernisation and renovation of the company's textile units has just been completed. The amount spent during the year on additions and replacements of plant and machinery, buildings, etc was Rs 1.06 crores. With a view to equipping itself better in the coming decade the company has embarked on a large-scale automation and modernisation programme, particularly in the weaving department, at an estimated cost of Rs 1.35 crores. This programme is expected to be completed by the close of 1972. Additions to and/or replacements of plant and machinery, buildings etc in the chemicals division amounted to Rs 26.71 lakhs.

Wimco

THE Western India Match Co Ltd (Chairman and Managing Director: Mr Akbar Hydari, Bombay) expanded its sales for the year ended December 31, 1970 to Rs 28.1 crores from Rs 26.7 crores in the preceding year. The gross profit was Rs 2.35 crores (Rs 2.37 crores). The net profit, after depreciation and taxation, amounted to Rs 89 lakhs (Rs 87 lakhs). The dividend was maintained at 12 per cent, payable on the increased capital. During the year under review the subscribed capital of the company was raised to Rs 495 lakhs from Rs 412.50 lakhs by issue of bonus shares in the ratio of 1:5.

The company's gross profit margin works out to 8.4 per cent against 8.9 per cent. The ratio of net profit to net worth comes to 13.1 per cent (13.4 per cent).

During the year under review production at the company's factories was satisfactory. Sales of matches were about 15,000 cases above the previous year (including nearly 2,000 cases more of wax vestas).

The production of paper was 5,581 tonnes (6,284 tonnes) and sales were 5,734 tonnes (6,264 tonnes). The production of chlorates was 5,066 tonnes (5,180 tonnes) and sales were 5,014 tonnes (4,974 tonnes), while that of salt (packed out) was 19,500 tonnes (41,124 tonnes) and sales were 20,433 tonnes (40,194 tonnes).

Development work on cardboard continued. About 4 per cent of the company's production in 1970 comprised cardboard boxes. On the export front, the company did better than in the previous year and added two new markets, Afghanistan and Brunei. Large orders were booked from Saudi Arabia which will be executed in

the current year. Eastern Europe is now showing some interest in the company's products and some orders are expected to be received from this area in the current year.

The company has over 400 stock points in the country and 25,000 wholesale outlets serving half a million retailers. The distribution of potassium chlorate in the South through the company's own depots was very satisfactory. A specially refined variant known as "Ballon" quality is gaining popularity. Sales in the North, where potassium chlorate is used mainly for textile dyeing and printing have not developed so well. The output and consequently sales from Vedaraniyam salt works were severely curtailed by persistent rains, even though the company's performance in comparison with the neighbouring operators was better.

The scheme to manufacture magnetite electrodes at Ambarnath near Bombay was complete in all respect except for the availability of the basic ore raw material. This must be imported for the present and there have been licensing delays. Permission to import them has now been received and

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	2840.61	2696.92	2536.88	2309.09
Sales including				
excise duty	2806.70	2670.12	2487.24	2282.99
Other income	36.00	30.05	39.92	27.74
Stock adjustment (of				
finished goods)	-2.00	-3.25	+9.72	-1.64
Opening	19.76	23.01	13.20	14.98
Closing	17.87	19.76	23.01	18.29
Total expenses	2005.87	2480.12	2371.47	2141.91
Materials and stores	454.56	554.43	560.35	487.84
Salaries and wages	367.27	343.75	340.78	310.58
Excise duty	1291.83	1274.25	1204.13	1197.31
Other expenses	292.21	287.69	262.21	146.21
Gross profit	284.74	236.80	165.41	167.18
Depreciation	38.56	32.55	31.50	29.02
Managing agency				
remuneration	—	10.53	7.90	8.21
Profit before tax	201.19	193.72	126.01	130.95
Taxation	112.37	108.30	64.50	67.80
Profit after tax	88.82	87.42	61.51	62.15
Development rebate	4.35	4.51	3.84	4.19
Other reserves	25.07	33.41	12.88	12.52
Ordinary dividend	59.40	40.50	34.37	45.87
(12%)	(12%)	(12%)	(11%)	(11%)
Carry forward	—	—	—	0.12
Market prices of				
ordinary shares				
(in rupees):				
High	205.00	176.00	148.00	164.00
Low	157.00	143.50	132.00	126.00

some ore is expected during the current month (April). In the meantime there will be trials with indigenous ore to see if it can be developed into a suitable substitute.

The disturbed labour situation in West Bengal is responsible for the delay in commissioning the semi-chemical pulp plant alongside the company's Alambazar Paper Mill. All the equipment is installed and this pilot plant is expected to commence operations in the near future.

Nizam Sugar

THE Nizam Sugar Factory Ltd (Chairman: Mr Anil De, Hyderabad) suffered a set-back in its working for the year ended September 30, 1970. Sales were Rs 7.9 crores against Rs 7.6 crores in the previous year. The gross profit dropped to Rs 33 lakhs from Rs 161

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	2329.24	2477.30	2014.70	1565.88
Sales including				
excise duty	2708.51	2456.30	1987.46	1590.79
Other income	31.18	20.30	11.81	10.77
Stock adjustment (of				
finished goods)	+29.80	+0.70	+15.43	-36.18
Opening	31.94	31.24	15.81	51.99
Closing	61.74	31.94	31.24	15.81
Total expenses	2450.56	2149.37	1848.57	1396.92
Materials and stores	1229.55	1092.33	938.48	730.88
Salaries and wages	415.68	389.01	336.50	314.10
Excise duty	230.77	254.76	221.08	176.16
Other expenses	474.56	413.27	352.51	175.68
Gross profit	878.68	327.93	166.13	168.56
Depreciation	153.35	141.38	124.95	68.75
Managing agency				
remuneration	—	—	0.50	4.15
Profit before tax	225.33	186.55	40.68	95.66
Taxation	38.25	—	—	—
Profit after tax	187.08	186.55	40.68	95.66
Withdrawals from				
reserves and				
Write-backs	0.71	0.30	28.09	39.10
Development rebate	23.85	21.05	32.97	99.00
Other reserves	114.08	121.21	—	—
Dividends:				
Preference	0.60	0.00	0.00	0.00
Ordinary	49.17	43.90	35.12	35.12
(28%)	(28%)	(25%)	(20%)	(20%)
Market prices of				
ordinary shares				
(in rupees):				
High	692.00	658.50	604.00	517.50
Low	497.00	465.50	410.00	346.00

soda, caustic potash, hydro-chloric acid and chlorine were well received in foreign markets and the company established its primacy in the field of exports by exporting directly and through merchant-exporters chemical products of the value of Rs 42 lakhs.

The erection of the pilot plant for the manufacture of carbon tetrachloride and chloroform set up in technical collaboration with the National Chemicals Labo-

lakhs. The lower profit was mainly due to the fall in the selling price of free sugar. The average price per quintal of sugar (exclusive of excise duty) realised during the year was Rs 121.16 against Rs 155.73 of the previous year. This accounts for a considerable reduction of profit. Further, the plantations suffered a loss of Rs 11 lakhs due to delayed monsoon and the lack of adequate irrigation in April, May and June 1969. The other activities of the company have also resulted in losses. After providing for depreciation and taxation, the company has suffered a loss of Rs 10 lakhs (profit of Rs 89 lakhs). The ordinary dividend has been pruned to 10 per cent from 12 per cent. The sanction from the Govern-

covery rate was 10.23 per cent (10.55 per cent). In regard to the output from the company's own farms, the yield was 85,440 tonnes (1.48 lakh tonnes) of cane at an average of 44 tonnes (75 tonnes) per hectare. The special farms which the company cultivated on joint-cultivation basis with the ryots supplied 10,362 tonnes of cane.

The production in the confectionery unit was 132 tonnes (39 tonnes), with sales at 135 tonnes (96 tonnes). The unit suffered a loss of Rs 2.56 lakhs (loss of Rs 2.58 lakhs). The working of the carbon dioxide plant showed a loss of Rs 4.37 lakhs (loss of Rs 33,531). The animal feed plant produced 3,336 tonnes (3,206 tonnes) of various feeds. The working results showed a loss of Rs 2.14 lakhs (loss of Rs 2.50 lakhs). The aerated water unit worked on an experimental basis during the year also and turned out 53,391 bottles (54,000 bottles) of soft drink. This unit suffered a loss of Rs 3,183 (loss of Rs 2,949).

(In lakhs of rupees)

	For the year ended 30th September			
	1970	1969	1968	1967
Total earnings	927.06	918.26	994.14	229.28
Sales including				
excise duty	786.49	765.76	582.58	410.10
Other income	30.62	20.10	76.54	21.79
Stock adjustment (of finished goods)	+109.05	+132.40	+25.02	-202.61
Opening	200.13	76.73	46.23	248.84
Closing	319.08	209.13	71.25	46.23
Total expenses	804.39	756.92	518.01	270.72
Materials and stores	458.93	411.72	311.00	100.74
Salaries and wages	138.59	115.05	61.26	46.73
Excise duty etc	105.12	144.71	60.49	48.69
Other expenses	101.75	85.44	64.30	74.56
Gross profit	32.07	181.34	176.13	-41.44
Depreciation	27.45	20.31	18.08	13.60
Profit before tax	5.22	141.00	108.07	-55.10
Taxation	15.00	52.25	64.00	-
Profit after tax	-9.78	88.75	109.07	-55.10
Write-backs	21.80	0.61	3.53	4.37
Items of prior years	+2.82	-0.11	-0.81	-0.06
Development rebate	0.78	1.41	4.00	-
Other reserves	-	73.06	48.00	-
Dividend:				
Preference	2.80	1.94	3.88*	-
Ordinary	11.01	13.21	18.21	-
(10%)	(10%)	(12%)	(12%)	-
Carry forward	0.68	0.48	0.82	-43.80
Market prices of ordinary shares (in rupees):	1970	1969	1968	1967
High	51.25	51.25	44.50	46.00
Low	18.00	47.00	42.50	39.00

* Includes dividend of Rs. 1.94 lakhs for 1966-67.

ment for the issue of bonus shares of Rs 36.80 lakhs in the ratio of 1:3 has been received by the company.

During the year under review 5.48 lakh tonnes (4.83 lakh tonnes) of cane was crushed and 56,052 tonnes (51,071 tonnes) of sugar was produced. The re-

Mitsui Bank

THE performance of the Mitsui Bank Ltd (Chairman: Mr Kyubei Tanaka, Tokyo) was creditable in the year ended September 30, 1970. The interest earned by the bank on loans and discounts increased to 108 billion yen from 91 billion yen in the previous year. The net profit for the year was 10 billion yen (8 billion yen). The dividend was stepped up by one per cent to 10 per cent. An amount of 2.7 billion yen (nil) was transferred to reserves. Deposits of the bank rose to 1,722 billion yen from 1,507 billion yen. This was in spite of the restrictive credit conditions in Japan. Loans and bills discounted were 1,557 billion yen (1,371 billion yen).

The bank's overseas branches continued to show better results in the year under review. In July the bank expanded its overseas network to Australia by opening the Melbourne representative office. The bank has maintained its leading position in the activities of bond trusteeship in Japan. The new issues under the bank's trusteeship during the term ended 30th

September 1970 numbered 50, amounting to 111 billion yen. Of these 48 issues amounting to 89 billion yen were ordinary corporate bonds and four issues amounting to 22 billion yen were convertible bonds. As a result, the corporate bonds outstanding under the bank's trusteeship at the close of September 1970 advanced at 887.6 billion yen. This figure represented as high as 31.4 per cent of the total national

(In millions of yen)

	For the year ended 30th September			
	1970	1969	1968	1967
Total income	126,198	109,884	103,562	89,644
Interest earned on loans and discounts	107,951	91,553	87,373	74,683
Interest and dividends earned on securities	18,247	18,331	16,170	14,961
Interest paid on deposits	58,122	51,148	45,367	39,272
Interest paid on borrowings and redemptions	27,777	22,714	22,792	17,511
Expenses	47,044	41,879	32,400	28,285
Transfer to reserves	2,074	-	61,355	57,251
Net profit	10,491	8,436	7,064	5,544
Allocations to legal and special reserves and reserves for tax	7,340	5,400	2,670	3,800
Bonus	30	20	-	12
Dividend	2,660	2,376	1,638	1,620
(10%)	(9%)	(9%)	(9%)	(9%)
Carry forward	2,893	2,431	1,881	1,325

As on 30th September

	1970	1969	1968	1967
Paid-up capital	28,000	28,000	18,400	18,000
Reserves for contingencies, etc.	53,417	46,263	41,941	35,906
Legal reserves and other surplus	42,671	34,724	28,008	21,985
Deposits	1,722,049	1,507,310	1,354,312	1,218,201
Borrowed money from Bank of Japan	201,848	174,187	126,501	109,191
Call money	181,169	156,471	138,925	118,063
Loans and bills discounted	1,557,556	1,371,417	1,228,297	1,102,101
Government and other securities	252,980	239,533	226,471	100,613
Cash in hand and at Bank of Japan, etc.	240,936	215,476	189,848	189,466
Balance-sheet total	2,824,921	2,476,694	2,170,526	1,939,424

balance. The number of business offices both domestic and abroad, stood at 146 branches and three sub-branches at the end of September, 1970.

Hindustan Steel

The turnover of Hindustan Steel Ltd, Hinoo, Ranchi, for the year ended March 31, 1970 rose to Rs 381.33 crores from Rs 320.38 crores in the previous year. The provision for depreciation for the year was Rs 64.67 crores (Rs 59.78 crores). Excise duty absorbed Rs 44.64 crores (Rs 37.93 crores). The net loss for the year amounted to Rs 10.47 crores against a loss of Rs 39.92 crores in the previous year. The improvement in the working results was due to the higher level of production, general improvement in the yields at major producing units, an average increase of Rs 75 per tonne in the steel prices with effect from January 1, 1970, improved export margins in favourable international market conditions and higher margin realised through stockyards and by-products sales. During the year under review, the output of hot metal was 44.93 lakh tonnes (43.26 lakh tonnes), and that of steel ingots was 37.81 lakh tonnes (37.21 lakh tonnes). The production of saleable pig iron was 11.38 lakh tonnes (11.13 lakh tonnes) and that of saleable steel was 27.85 lakh tonnes (26.18 lakh tonnes).

The production at the Alloy Steels plant amounted to 65,600 tonnes in terms of ingots (39,800 tonnes) and that of forged and saleable steel was 41,100 tonnes (23,600

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tonnes). Among the by products, production of calcium ammonium nitrate (25 per cent N₂) at the Rourkela Fertilizer Plant fell from 1.93 lakh tonnes in 1968-69 to 1.20 lakh tonnes in the year under review. This fall was due to the reduction in the availability of coke oven gas to be fertiliser plant. Despatches from the three main steel plants at Bhilai, Rourkela and Durgapur rose by three per cent in the case of saleable steel and 0.8 per cent in the case of pig iron. One special feature was that during the year the despatches of steel ingots rose to 2,14,600 tonnes as against 49,000 tonnes in the previous year. Of this quantity, 10,300 tonnes were exported, 92,500 tonnes were made available to another steel company in India and 90,300 tonnes were accounted for by inter-plant transfers and the balance was made available to the Indian market for the benefit of the re-rolling industry. Despatches of finished steel from the Alloy Steels Plant rose to 35,200 tonnes during the year as compared to 16,400 tonnes in the previous year. Due to fall in production of calcium ammonium nitrate, despatches declined from 1.76 lakh tonnes in the year 1968-69 to 1.36 lakh tonnes in the year under review.

Export earnings on f. o. b. basis amounted to Rs 45.55 crores (Rs 41.55 crores). Although there was a decrease in the quantity of export made in the year—9 lakh tonnes were shipped against 10.31 lakh tonnes in the previous year—higher unit earnings secured in a favourable market situation sustained f.o.b. realisation at this record level. Nearly 95 per cent of the export orders in terms of value was secured by dealing with foreign buyers, thereby effecting a saving of Rs 2.2 crores in agency commission.

India Sugars and Refineries

Sales of the India Sugars and Refineries Ltd, Hospet, for the year ended September 30, 1970 have declined to Rs 2.48 crores from Rs 3.26 crores in the previous year. The profit for the year was Rs 1.90 lakhs against a loss of Rs 24.95 lakhs in the previous year. During the year under review, the factory crushed 2.39 lakh tonnes of cane (2.49 lakh tonnes) and produced 19,830 tonnes (22,669 tonnes) of sugar with an average recovery of 8.58 per cent (9.06 per cent). The poor results of the year's working are due to a very low recovery of sugar, very uneconomic free-sale sugar prices, heavy interest charges due to accumulation of stocks and lower and uneconomical price fixed by the Central Government for levy sugar. The Pampasar distillery unit produced over 37 lakh litres (30 lakh litres) of rectified spirit. The working of the Indian-made foreign liquor section has also shown considerable improvement.

Killick Nixon

Sale of products of Killick Nixon Ltd, Bombay, for the year ended November 30, 1970, has increased to Rs 4.63 crores from Rs 1.93 crores in the previous year. The net profit, after providing Rs 6.59 lakhs (Rs 6.82 lakhs) for depreciation and Rs 9 lakhs (Rs 5 lakhs) for taxation, amounted to Rs 12.68 lakhs (Rs 11.17 lakhs). The dividend has been maintained at 10 per cent. During the year under review, the production of steel files was lower than in the previous year. The total quantity sold was, however, marginally higher than in the previous year although the sale value

realised was less due to a considerable increase in the number of files exported. The company negotiated the largest single order with the State Trading Corporation of India for tool and alloy steel valued at nearly Rs 1.75 crores. The company has been appointed as consultants by the STC for the sale of this material to consumers all over the country. The turnover of the agency department showed a healthy growth, especially in the sale of Killicks pressure cookers. The performance of the shipping, clearing and forwarding departments was again up to the mark. The company's export showed a further rise during the year, the main increase apart from steel files, being in the business in precious and semi-precious stones.

Associated Stone Industries

The sales of Associated Stone Industries (Kotah) Ltd, Ramganjmandi (Western Railway), aggregated Rs 1.26 crores for the 11-month period ended September 30, 1970, against Rs 1.36 crores in the year ended October 31, 1969. The net profit, after providing Rs 2.24 lakhs

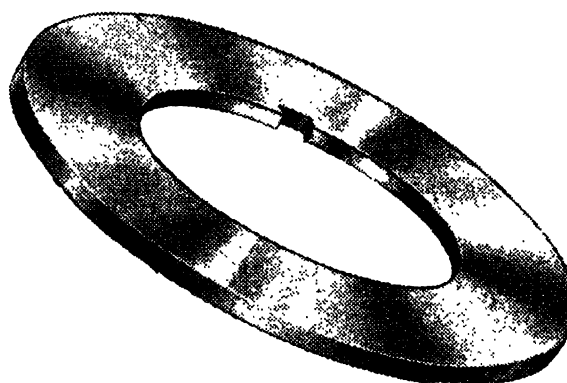
(Rs 2.22 lakhs) for depreciation and Rs 5.50 lakhs (Rs 14 lakhs) for taxation, amounted to Rs 6.42 lakhs (Rs 8.46 lakhs). The ordinary dividend has been maintained at 20 per cent. In the allocation, the general reserve got Rs 5.94 lakhs (Rs 7.50 lakhs). The power connection has been given to the new polishing factory at Kudayala from September 16, 1970 on a 33 kv line. This factory is now running three shifts from October 1, 1970. The production and sales of Kotah Stone up to January 30, 1971, since the close of the period under review have decreased as compared with the figures of the corresponding period of the previous year because of shortage of labourers and chronic shortage of wagons.

Preliminaries

Ceat Tyres

Ceat Tyres of India Ltd, Bombay, has maintained the ordinary dividend for the

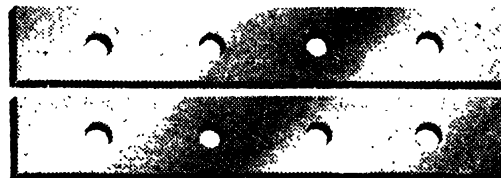
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year ended December 31, 1970 at 11 per cent subject to tax. The dividend, when approved, will be paid on or after May 15, 1971 to those shareholders whose names stand on the Company's register on April 2, 1971.

Ahmedabad Advance

The total net turnover including that of the metals division of the Ahmedabad Advance Mills Ltd, Bombay, for the year ended December 31, 1970 has risen to Rs 8.26 crores from Rs 6.92 crores in the previous year. The net profit, after providing Rs 33.97 lakhs (Rs 32.21 lakhs) for depreciation and Rs 16 lakhs (nil) for taxation, amounted to Rs 42.72 lakhs (Rs 23.69 lakhs). The ordinary dividend has been stepped up to 12 per cent from 9 per cent. The development rebate reserve absorbed Rs 19.50 lakhs (Rs 23.50 lakhs) and the general reserve Rs 23.20 lakhs (Rs 18,894). The company proposes to issue right shares

of Rs 21 lakhs in the ratio of one new ordinary share for every five shares held.

Svadeshi Mills

The net turnover of the Svadeshi Mills Co Ltd, Bombay, for the year ended December 31, 1970 has increased to Rs 10.54 crores from Rs 8.95 crores in the previous year. The net profit, after providing Rs 35.62 lakhs (Rs 39.91 lakhs) for depreciation and Rs 25 lakhs (Rs 15 lakhs) for taxation, amounted to Rs 24.06 lakhs (Rs 13.16 lakhs). The ordinary dividend was stepped up to 12 per cent from 9 per cent. The development rebate reserve absorbed Rs 3.80 lakhs (Rs 2.55 lakhs) and general reserve Rs 20.30 lakhs (Rs 10.55 lakhs).

Rajasthan Spinning

Total sales of Rajasthan Spinning and Weaving Mills Ltd, Bhilwara (Rajasthan) for the year ended September 30, 1970 have increased to Rs 5.14 crores from

Rs 3.82 crores in the previous year. The net profit, after providing Rs 9.95 lakhs (Rs 9.42 lakhs) for depreciation, amounted to Rs 49.33 lakhs (Rs 22.06 lakhs). An amount of Rs 23 lakhs (nil) has been set aside for the development rebate reserve. The ordinary dividend for the year was 7-1/2 per cent (nil) payable on the increased capital. In the year under review, the ordinary paid-up capital of the company was raised from Rs 43.85 lakhs to Rs 57 lakhs by issue of bonus shares of Rs 13.15 lakhs in the ratio of three bonus shares for every 10 shares held. During the year under review, total export of the company rose to Rs 74.94 lakhs from Rs 41.77 lakhs in the previous year. The company has taken up a scheme for diversification including installation of a dyeing plant. The estimated cost of the scheme is Rs 50 lakhs out of which Rs 15 lakhs have already been spent. A loan of Rs 30 lakhs is expected from Industrial Finance Corporation of India against the scheme.

Amar Dye-Chem

Total Sales of Amar Dye-Chem Ltd, Bombay, for the year ended December 31, 1970 have increased to Rs 10.11 crores from Rs 6.71 crores in the previous year. The net profit, after providing Rs 75.81 lakhs (Rs 50.75 lakhs) for depreciation and Rs 78.50 lakhs (Rs 39.50 lakhs) for taxation, amounted to Rs 83.22 lakhs (Rs 43.17 lakhs). The ordinary dividend has been stepped up to 14 per cent from 10 per cent. The development rebate reserve absorbed Rs 20.08 lakhs (Rs 4.90 lakhs) and the general reserve Rs 54.78 lakhs (Rs 25.45 lakhs).

Pfizer

Sales of Pfizer Ltd, Bombay, for the year ended November 30, 1970 have increased to Rs 17.34 crores from Rs 16.37 crores in the previous year. The net profit, after providing for depreciation and taxation, amounted to Rs 1.55 crores (1.86 crores). The directors have recommended a final dividend of 7 per cent. This along with the previous three interim dividends of 6 per cent each makes a total dividend of 25 per cent (24 per cent for 1969) for the year 1970.

Tata Mills

The total net turnover of the Tata Mills Ltd, Bombay, for the year ended December 31, 1970 has increased to Rs 10.59 crores from Rs 9.65 crores in the previous year. The net profit, after providing Rs 67.50 lakhs (Rs 68.97 lakhs) for depreciation, which includes Rs 35.11 lakhs for previous year, amounted to Rs 14.54 lakhs (Rs 1.23 lakhs). After deducting the loss of Rs 13.04 lakhs (loss of Rs 14.27 lakhs) brought in from the previous year, the disposable profit amounted to Rs 1.50 lakhs (loss of Rs 13.04 lakhs). Out of this, the general reserve got Rs 1.45 lakhs (nil) leaving a balance of Rs 4,719 (loss of Rs 13.04 lakhs) to be carried forward. In view of the better working results, the directors have proposed a dividend of 6 per cent, subject to tax. The ordinary dividend for the years 1967, 1968 and 1969 were skipped. The last dividend paid was 8 per cent for the year 1966.

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TATA CHEMICALS LIMITED



THE WEEK'S PRICE RANGE

BOMBAY, April 21

Among companies, Sandoz has raised the equity dividend from 10 per cent to 11 per cent while the directors of Fit Tight Nuts have decided to seek permission for an 1:3 bonus issue. Currently Sandoz is quoted at Rs 21.24 and Fit Tight at Rs 367.50. Bayer hopes to do better and JK is entering the shipping line for which a new company may be floated. Cent has achieved satisfactory progress. Yet, good corporate results failed to influence the market as a whole. It is a characteristic of the market that sometimes it does not respond to the best of news. The impressive performance of Hindustan Aluminium was not reacted to with the warmth it deserved. The dividend is proposed to be raised from 10 per cent to 12.5 per cent, sanction is expected for an 1:4 bonus issue and a big expansion programme is underway, to be financed from internal resources and borrowings. The point with regard to Hindalco was that the reported power cut for six months until June would affect production. That was why investors were a bit hesitant.

The cash section was active and several scrip were steady despite the weakness of the forward section. Mico, Nagpal, Zuari and Indian Organic turned hesitant towards the close. United Commercial was concerned in some keen buying and the scrip was mentioned at around Rs 111 at the close. Sectionwise, there was nothing in particular. Century came in for scattered liquidation on reports that the board meeting had been postponed. Steels were quietly steady and engineering were dull.

Knowledgeable sources think that the market will move in a narrow range until the Budget, and operators would prefer to watch developments before making commitments in a big way. The general belief, however, is that the Budget will be good at least from the market's point of view.

	Closing quotations 14-4-1971	High	Low	Closing quotations 21-4-1971		Closing quotations 14-4-1971	High	Low	Closing quotations 21-4-1971
FORWARD									
Textiles	Rs.	Rs.	Rs.	Rs.	Miscellaneous	Rs.	Rs.	Rs.	Rs.
Ahm. Advance (100)	232.00**		230 00	231 00**	Bombay Burmah (25)	46 50**	46.75	45 50	46 75**
Bombay Dyeing (55)	167 00**			167 00**	Hindustan Motors	46 00**			46 00**
Central India (50)	89 75**	40 25	89 50	30 50**	(10)	12 00**	13 24	12 80	12 50**
Century (100)	44 75**	—	—	44 00**	Indian Copper (2 1/2)	14 00**			14 00**
Dawn (50)	45 50**	—	—	45 50**	Premier Automobiles	6 18**	4 20	4 10	4 14**
Elphinstone (50)	889 00**	891 50	875 00	879 50**	Fre. Construction	4 02**			4 02**
Kinlay (100)	889 00**			889 00**	(50)	58 50**	60 00	57 00	58 00**
Gokak (100)	72 00**	74 00	72 00	72 00**	Shivrajpur (10)	154 00**	151.00	149 00	150 00**
Gwalior Rayon (10)	28 00**			24 00**	Sirpur Paper (16)	176 00**			176 00**
Indian United Ord. (10)	31 00**			31 00**	T. Oil (25)	7 24**	7 52	6 72	6 72**
Khatana (100)	160 00**	170 00	160 00	170 00**	W. Coast Paper (100)	12 40**	13.36	12 80	13 24**
Kohinoor (100)	160 00**			160 00**	Winco (100)	72 00**	78.00	72 00	74 00**
Morarjee (100)	180 00**			180 00**		85 80**	217.00	212 00	176 50**
National Rayon (100)	154 00**	158.00	153 00	158 00**		161 00**	161.00	151 00*	151 50**
Phoenix (100)	160 00**			160 00**		167 00**			167 00**
Podar (10)	40 50**	41 00	39 50	39 75**					
Shreejiwala (100)	42 25**			42 25**					
Simplex (50)	1 30**	1 40	1 32	1 38**					
Standard (100)	156 00**	158 00	155 00	155 00**					
Svan (100)	167 00**			167 00**					
Tata Mills (25)	282 50**	232 50	224 00	221 00**					
	281 50**			261 50**					
	279 00**	280 00	275 00	275 00**					
	265 00**			265 00**					
	623 00**	596 00	521 50	523 00**					
	623 00**			543 00**					
	73 00**	72 00	71 00	71 00**					
	71 00**			71 00**					
	10 00**	9 92	9 88	9 92**					
	10 00**			129 00**					
	127 00**	129 00	128 00	129 00**					
	149 00**	129 00	128 00	149 00**					
	107 00**	109 00	107 00	108 00**					
	96 00**			96 00**					
	678 00**	674 50	680 00	683 00**					
	618 00**			619 00**					
	158 00**	158 00	152 00	152 00**					
	147 00**	150 00	145 50	150 00**					
	152 00**			152 00**					
	35 50**	85 00	32 00	35 50**					
	34 50**			34 50**					
Electric									
Ahmedabad (100)	108 75**	109 00	108 50	108 50**					
Andhra Valley (100)	107 50**			107 50**					
B. Suburban (100)	141 00**	157 50	157 00	157 00**					
Tata Hydro (100)	121 00**	—	—	121 00**					
Tata Power (100)	162 50**	165 50	162 50	162 50**					
	167 00**	167 50	166 50	167 00**					
	141 75**			141 75**					
Steel									
Indian Iron (10)	16 50**	—	—	16 50**					
Mukand (10)	10 40**			16 40**					
Tata Steel (75)	18 80**	19 24	18 56	15 92**					
	105 50**	105 50	102 25	103 25**					
	103 75**			103 75**					
Engineering									
Alcock (100)	60 00**	60 00	56 00	57 00**					
Cooper (100)	60 00**			60 00**					
Larsen & Toubro (10)	24 30**	24 36	23 76	23 76**					
Tata Eng. & Loco	224 00**	254 00	246 00	224 00**					
FLM—Mandakal (100)	224 00**	267 50	257 50	224 00**					
Volta (100)	224 00**	219 00	216 50	224 00**					
Dyes & Chem.									
Amar Dye-Chem.	227 50**	243 75	232 50	210 00**					
Indian Dyechem (100)	340 50**			207 50**					
Polychem (50)	132 00**	142 00	134 50	335 00**					
Tata Chemicals (10)	30 00**	30 00	29 00	332 00**					
	30 25**			138 00**					
				132 00**					
				29 50**					
				30 25**					
Shipping									
Great Eastern (10)	38 75**	87 75	26 25	37 25**					
Scindia (20)	22 50**	22 50	21 48	26 50**					
	25 50**			26 50**					
Cement									
A.O.C. (100)	139 25**	139 25	136 50	137 00**					
Orissa (10)	18 60**	19 80	18 56	19 60**					
Shree Digvijay (100)	147 50**	150 00	148 00	11 92**					
	136 50**			128 00**					
Sugar									
Belapur (50)	88 00**	88 00	88 50	83 50**					
Maharashtra (50)	99 00**	100 00	99 00	87 50**					
Phalton (50)	91 50**	77 50	73 00	78 00**					
Wajahandnagar (100)	71 50**	70 00	68 00	105 00**					
	105 00**			105 00**					
				128 00**					

* Ex-dividend.

† Cum-right.

4 Rx-right

**** Business for Hand Delivery**

†† Squaring up deals.

Note: Figures within brackets indicate the paid-up value of shares.

Whenever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

COMMODITIES

Spot cotton declines further

BOMBAY, April 21

A further extension of the declining trend in prices was noticed in the cotton market during the past week. Buyers were scarce. Many of the spinners were experiencing difficulties in finding funds for financing purchase of cotton. The already falling trend in prices also acted as a deterrent. Reports from upcountry centres also indicated indifferent buying interest on the part of the spinners. There was an undercurrent of anxiety too among industry circles as to what eventual shape the Government's proposals to ensure augmented production of controlled varieties of cloth would take.

The following has been the trend of prices of some of the leading varieties:

(Rs per candy)

	For the week ended April 21	For the week ended April 14
Khandesh ..	2,200	2,300
Barar AK ..	2,100-2,300	2,100-2,350
Digvijay Dabhoi ..	2,881	2,950-3,000
Barar L 147 ..	2,500-2,600	2,600-2,700
Kalyan 797 ..	2,650	2,300-2,250
Manavadar CO2 ..	2,575	2,750

In the foreign section also, limited business was reported due to the non-availability of credit facilities. While there had been some reports of attempts at spurious sales of imported cotton, the actual deals have been few and far between. On the export front, Bengal Deshi attracted some attention, particularly from Japan. Raw cotton registered

for export as on April 14 is placed at 129,772 bales against 181,432 bales during the same date last year. Out of this the quantity passed for shipment was 91,135 bales against 126,190 bales for Bengal Deshi and 10,085 bales against 11,747 bales for miscellaneous fibres.

YARNS SUBDUED

BOMBAY, April 21

A subdued trend prevailed in the yarns market here during the past week. Art silk yarns continued to lose ground due to improved supplies from spinners and poor demand from upcountry centres. Staple fibre yarns also declined following the improvement in the local supplies. Cotton yarns were steady.

In the art silk yarns section, 150D National Rayon declined by 36 paise to Rs 16.53. 120D receded by a like amount to Rs 18.45. 150D Bright Century lost 35 paise to Rs 16.18 and 120D 37 paise to Rs 18.37. 100D Bright South India moved down by 40 paise to Rs 22.46. Staple fibre yarns (2 x 34 nF) spot Kiran shed 13 paise to Rs 11.44.

JUTE GOODS RECEDE

CALCUTTA, April 20

Profit-taking, coupled with the adverse statistical position, reduced the gains in jute goods last week. At the same time, the rising trend in raw jute was checked following arrivals on a large scale of fibre from East Bengal. The stocks of raw jute with East Bengal farmers on the West Bengal border are being readily bought. In the process the shortage of particular grades of fibre is no longer felt, although most of the arrivals are being cornered by strong hands. Reports indicated that this year's crop in East Bengal would be considerably less, since sowing work is taking place only slowly.

Shipments of jute goods and raw jute from East Bengal continue to be at a standstill, and a world-wide famine for raw jute and jute goods is now considered more than a possibility. Manufacturing countries depending on East Bengal raw jute would be disappointed, since even if fighting ends soon, there is no possibility of a crop of average size. In this background, India is wisely planning for an increased crop; the Indian Jute Development Council has fixed up the target at 8.4 million bales for this year, and the occurrence of good rains again last week has been a welcome development. Fibre arrivals last week aggregated 35,000 maunds per day, which were readily absorbed. Raw jute prices recorded a gain of a rupee per maund last week, with Assam bottoms at Rs 62, daissee bottoms at Rs 63, and northern bottoms at Rs 60.

The announcement of a rise in the stock of goods with mills at the end of March despite a decline in production in the month—stock at 95,000 tonnes rose by 1,300 tonnes but production at 83,700 tonnes was lower by 2,300 tonnes—served as a bearish factor encouraging bulls to book profits at the bulges in the past week. A neutralising factor was the loss of production in mills between April 13 and 16 because of the power cut in the Jagatdal, Barrackpore-Titagarh, and Hooghly-Rishra belts of the industry, which accounts for 43 per cent of productive capacity.

The absence of any worthwhile expansion in overseas business in the past week strengthened fears that unless the price trend was straightened, hope of increased exports was difficult to fulfil. If prices for jute goods in Calcutta rule higher as at present, this

would only encourage synthetics and substitutes. The rise in stock of goods is a powerful reminder in this regard. The expected emergence of near-famine conditions in the world market for jute goods and raw jute should stir the Indian industry to exploit fresh opportunities by following a reasonable price policy. In the last week, only scattered business took place with overseas countries. At one time, in the last week, hessian 40" 10 oz and B twills rose to Rs 101 and Rs 284, but profit-taking saw prices close at Rs 98.50 and Rs 278, respectively.

CAKES IN DEMAND

BOMBAY, April 21

A feature of trading in the oilseeds market during the past week was the revival of demand for groundnut extractions. It was said that in the past few days business to the tune of 90,000 tonnes was put through of which Russia was supposed to have accounted for 40,000 tonnes, the United Kingdom for 25,000 tonnes and Japan for 15,000 tonnes. Shippers however are not happy, for they fear a further increase in freight from July. All the same reports of inquiries will induce a steadying effect.

Groundnuts and groundnut oil, despite demand for extractions, were easy. This was due to the pressure of heavy arrivals and distress selling on the part of Saurashtra interests. At lower levels vataspali interests got themselves interested in the market but a redeeming factor will be reports indicating a shortfall in the summer crop output in the South.

The weak undertone in castor was due to selling pressure but market men think that overseas demand for castor oil would revive if the price here declines to around Rs 3,200 per tonne. Linseeds were weak in the absence of any price-making factors.

Comparative prices in rupees were:

Item	14.4.1971	21.4.1971
Castor April ..	136.50	131.50
Castor June ..	133.37	127.75
Linseeds April ..	162.00	157.50
Linseeds July ..	157.75	152.00
G. Nuts Khandesh ..	190.00	184.00
G. Nut oil ..	43.30	42.30
Castor Madras Small ..	148.00	140.00
Castor Comm. oil ..	32.75	32.00
Castor B.S.S. oil ..	35.25	34.50
Linseeds Bold ..	158.00	154.00
Linseed oil ..	36.50	35.50

TEA HARDENS

CALCUTTA, April 20

As the new season is rapidly coming into its stride, the demand is also picking up. The trade hopes that this year's exports would be higher than in 1970. In this context, last year's fiscal measures gave a boost. The industry has often pleaded for relief from excise duty at least on exports, and if the forthcoming Union Budget would only contain this measure, the trade's hopes for a substantial increase in exports in this year within the international quota would be fulfilled.

Leaf offerings during last week's export sale totalled 674 and 2,291 packages of new and old teas, respectively. There was good general demand, and prices generally hardened. All old season's teas were readily absorbed at firm to dearer prices. Among new season's teas, Doars CTCs and orthodox teas were sold well, with Darjeelings, especially the brighter lines, eliciting attention. No quotations were issued in view of the limited offerings.

Dusts on offer totalled 25,117 packages which also encountered strong general demand. Orthodox teas rose in value with leg-cuts following a similar trend. CTCs were subjected to keen competition and in the result prices gained. The quotations in rupees per kg inclusive of excise duty were: best Assam CTC dust Rs 7.20 to 8.10 (nominal), good Assam CTC dust 6.40 to 6.70, medium CTC dust 6 to 6.40, medium Assam

THE INDUSTRIAL COURT REPORTER

Started in January 1948, the *Industrial Court Reporter*, issued monthly, contains important orders and awards of the Industrial Court and Tribunals in Maharashtra State, as well as the selected decisions of the High Courts and the Supreme Court of India. The *Reporter* serves employers, employees, trade unions and lawyers in finding at one place the case law on industrial and labour matters.

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THE COMMISSIONER
OF LABOUR AND DIRECTOR OF
EMPLOYMENT,

Commerce Centre,
Tardeo, Bombay-34 WB (India)

dust 5.70 to 6.30, plain CTC dust 5.30 to 5.80, legg-cut dust 5.40 to 5.80, and plain orthodox dust 4.90 to 5.20.

FOODGRAINS STEADY

BOMBAY, April 20

During the past week, prices of foodgrains remained steady in the local foodgrains market. In coarse grains, the prices of bajra (Superior) at Rs 60-65 per quintal ruled steady. The demand was poor. The daily arrivals were satisfactory at around 700 bags. Also, maize at Rs 61-62 per quintal remained more or less unchanged. Activity was limited in maize. Among pulses, gram (Punjab) showed no change over the week and was quoted at Rs 80-81 per quintal. However, the undertone was weak. Activity as well as arrivals were good. Urad (Khandesh new) also remained stable at Rs 148-152 per quintal. Tur (Berar white) at Rs 110-112 per quintal remained generally steady. The demand was limited and the daily inflow at 350 bags was moderate. Moong (Chinal) also stayed at the previous week-end level of Rs 220-250 per quintal.

SUGAR EASY

BOMBAY, April 20

The prices of sugar (C-30) in the local sugar market declined by Rs 4-6 to Rs 190-192 per quintal, due to heavy arrivals in the market. The daily arrivals were about 700 bags against the offtake of about 500 bags. The current prices of sugar are higher by about Rs 7 than the level a year ago. Today, about 22,000 bags of 'D' grade sugar were disposed of by the co-operative sugar factories with ex-mill duty at Rs 182 per quintal. The Union Government issued today, an order for the release of higher sugar quotas of 2.65 lakh tonnes of levy sugar and 1.60 lakh tonnes for free sale.

SUGAR RECEDES

HAPUR, April 19

Sugar prices, after advancing by Rs 2 to Rs 5 per quintal due to good demand from Punjab, Rajasthan and some parts of UP advanced by Rs 2 to Rs 5 per quintal, later in the week eased as demand turned slack. The upward trend was attributed to rumours of likely increase in the levy sugar prices. Factories in this area were still attracting enough cane supplies but the percentage of recovery is reported to have fallen and some of the factories are likely to close by the end of the current month and some later in mid-May. Sugar in the open market is quoted at Rs 179 to Rs 195 per quintal according to quality and mill delivery prices of some of the factories at week-end were:—B 30 Jagdhari Mansurpur Rs 203, Iqbalpur Khatauli Rs 202.50, Daurala Shamli Rs 202, Mawana Rs 201.50, D 20 Amroha Rs 180, E 30 Bijonore Rs 177, E 20 Bulandshar Rs 180.50.

FOODGRAINS FALL

HAPUR, April 19

Easy trend prevailed in foodgrains during the past week. Harvesting of rabi grains, including wheat is in full swing. Due to rains in week-end threshing and winnowing operations are now being delayed. These rains have damaged the quality of rabi grains and has delayed threshing operations.

Wheat prices sagged to be quoted now at Rs 75 to Rs 77.50 a quintal for average and Rs 82.50 to Rs 85 for superior farm and Rs 70 for red mexican variety. The daily arrivals of new wheat which had mounted to an average of 1,000 maunds up to mid-session shrunk low later due to recent rains. Old superior farm variety however was quoted higher up to Rs 87.50 to Rs 95 a quintal as arrivals were sparse and consumers were ready buyers. Rice prices however were steady due to poor supply position in the face of increasing seasonal demand.

METALS BUOYANT

CALCUTTA, April 20

The tempo of increased activity in the base metal market was maintained during the

past week, following good demand from industrial quarters. Prices ruled buoyant. Increased Chinese offtake of copper from world markets, the growing possibility of a virtual industry-wide copper strike in the US from June 30 for increased wages, the unlikelihood of Chilean output in this year even reaching last year's level of 685,000 tonnes, lent strength to world markets. On the London Metal Exchange, copper wire-bars maintained the buoyancy reflecting the decreasing level of stock but in the middle of the last week reacted to £524 a tonne as against the earlier level of £532. In Calcutta, the import policy scheduled to be announced on May 1 was keenly awaited, and it was hoped that it would provide for increased imports of copper and zinc, though fears of an increase in excise duty in non-ferrous semis were entertained.

The Minerals and Metals Trading Corporation was in the meantime reported exploring the possibility of importing copper on a long-term basis. Industrial demand for wire bar was good, and prices for scrap were fully steady—utensil scrap at Rs 1,390 and clean wire-scrap at Rs 1,430 per 100 kg. Tin was unchanged at Rs 4,800; the comfortable stock position coupled with the report that the MMTC proposed to import Rs 75 lakhs worth of Straits tin lulled buyers' enthusiasm. Zinc electro ingots were firm at Rs 448, and with good demand from the galvanising industry scrap prices were maintained. There was some fall in supplies effected by the MMTC. Virgin lead was firmly quoted at Rs 440 and maintained at this level despite the report of imminent imports valued Rs 50 lakhs.

KIPS QUIET

MADRAS, April 17

The tempo and style of demand from overseas buyers remained unchanged during the past week. Importers were not willing to increase their buying limits and shippers here were not inclined to book fresh business in view of their forward commitments. There was good demand for superfine marks in goat skins but the availability of stocks was poor. Exceedingly good demand was in evidence for prime sheep skins.

BULLION DIVERGENT

BOMBAY, April 21

A divergent trend characterised trading in the bullion market during the past week. Silver which reached dizzy heights last week lost ground during the week following increased arrivals and less offtake from up-country centres. The weak overseas sentiment also imparted weakness. Gold however moved up due to slack arrivals and improved demand from the south. The increased vigilance of the customs officials also aided the sentiment. Sovereign was fully maintained.

Silver (.996 fineness) commenced trading Rs 1.50 higher at Rs 608.50 but declined in the following session. It lost further ground in the subsequent sessions and closed at Rs 604.50 today, the net loss over the week being Rs 3. The weekly delivery was mentioned at between Rs 606 and Rs 599. The average weekly arrivals and offtake of silver aggregated 53 bars and 43 bars, respectively.

Primary gold in unofficial trading began Rs 3.50 higher at Rs 185 but declined in the following session but recovered later. It closed the week higher at Rs 187.50 today, with a net gain of Rs 5 over the week. Standard gold in official trading opened Rs 2 higher at Rs 196 and improved in the subsequent sessions to close the week higher at Rs 197 today, the net gain over the week being Rs 3. Sovereign was fully maintained at Rs 174.

INTEREST RATES FALL

BOMBAY, April 21

Comfortable conditions prevailed in Bombay's short-term money market in the past week. The call rate came down to 7½ per cent from 10 per cent in the previous

week. In Calcutta, renewals were effected at 6 per cent.

Ninety-one days' Government of India treasury bills sold from April 12 to 17 amounted to Rs 28.17 crores against Rs 22.02 crores in the previous week.

During the week ended April 9, foreign exchange reserves of the Reserve Bank of India increased by Rs 4.11 crores to Rs 356.76 crores. While foreign securities rose by Rs 5 crores to Rs 273.42 crores, balances held abroad came down by Rs 0.89 crore to Rs 83.34 crores. Notes in circulation expanded by Rs 107.54 crores to Rs 4,360.99 crores. Deposits of scheduled commercial banks with the Reserve Bank of India declined to Rs 190.75 crores from Rs 217.95 crores.

Week ended April 9 recorded a rise of Rs 45.53 crores at Rs 4,740.44 crores in the total credit made available by scheduled commercial banks. Aggregate deposits expanded to Rs 5,933.69 crores from Rs 5,901.14 crores. Borrowings from Reserve Bank were lower at Rs 270.26 crores (Rs 356.11 crores). Total cash stood higher at Rs 379.23 crores (Rs 369.97 crores).

In the gilt-edged market, gold bonds 1980 gained Rs 4 at Rs 116. In the State loans section, 4½ per cent 1974 Kerala gained Re 1.25 at Rs 99.

Notices

THE INDIAN IRON AND STEEL COMPANY LIMITED

NOTICE

THE BOARD OF DIRECTORS HAS sanctioned payment of dividend on 5 per cent Cumulative Preference Shares in the Company for the half-year ending 31st March, 1971. The Register of Members for Preference Shares will remain closed from 23rd April to 30th April, 1971 both days inclusive for payment of dividend on or after the 1st May, 1971 to those Preference Shareholders whose names appear on the Register on 30th April, 1971.

By Order of the Board
THE INDIAN IRON & STEEL Co. Ltd
BIREN MOOKERJEE
Chairman.

Registered Office:

12, MISSION ROW,
CALCUTTA-1.

Dated 13th April, 1971.

THE SVADESHI MILLS COMPANY LIMITED

NOTICE

THE EIGHTY-FIFTH ANNUAL General Meeting of the Company will be held at its Registered Office, Bombay House, 24, Bruce Street, Fort, Bombay-1, on Tuesday, the 18th May 1971, at 4.30 p.m. to transact the business as detailed in the Notice posted to the Members of the Company.

For and on behalf of

THE SVADESHI MILLS COMPANY LIMITED

D. N. ELAVIA
Secretary.

BOMBAY, 12th April, 1971.

Registered Office:

BOMBAY HOUSE,
24, BRUCE STREET,
FORT, BOMBAY-1.

STOCK & SHARE QUOTATIONS

Abbreviations: D—Deferred shares, P.O.—Preferred Ordinary shares, N—Nominal quotations, s.d.—Ex. Dividend, c.d.—Cum. Dividend, I—Interim Dividend, C.R.—Cum. Right, X.R.—Ex. Right.

* Shares:—If a company has different classes of shares—as for example: 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up per share'.

Accounts:—Figures in the Accounts Closed column represent the months of the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June

and December, respectively. Reserves include general and other reserves and all other funds, while a company may have excluding depreciation fund, reserves for tax liability and provisions for Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figures except where otherwise indicated.

Dividends:—Dividends for completed years are shown as amount per share per annum where quoted for portion of a year they represent the proportionate dividend for that period the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

In lakhs of rupees					Chairman, Managing Director or Secretary	Number Installed		Mill	Latest available Quotation	Paid-up per share	Dividend per Ordinary Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward		Spindles	Looms				1967	1968	1969	1970	
Rs	Rs	Rs	Rs	Rs					Rs	Rs	Rs	Rs	Rs	Rs	
BOMBAY CITY AND ISLAND															
85.00	46.78	181.09	78.21	—	M. P. Wadia (Chairman)	45,189	—	Ambika Silk Mills Co., Ltd.	148.76	100	12.00	12.00	12.00	—	12
80.87	—	191.37	50.44	—	C. P. Wadia (Chairman)	92,508	—	Bombay Dyeing & Mfg.	80.75	25	—	—	—	—	12
901.41	217.78	19,05.72	18,75.92	0.09	Neville N. Wadia (Chairman)	3,14,884	—	Bradbury Mills	47.00	50	7.50	—	—	—	8
18.14	18.09	288.19	181.22	—	R. B. Rula (Chairman)	48,912	—	Century Spg. & Mfg.	891.50	100	87.00	40.00	40.00	—	12
284.88	18,70.10	99,50.79	24,90.19	—	K. P. Birla (Chairman)	1,29,953	—	Coria Spg. & Wvg.	111.25	100	9.00	9.00	9.00	—	12
80.00	88.21	179.86	—	—	R. P. Goenka (Chairman)	82,248	—	Dawn Mills	72.00	50	10.00	—	—	—	8
43.00	53.47	190.52	129.96	0.00	Ramjiwasi Ramnarain (Chairman)	65,828	—	Elphinstone Spg. & Wvg.	24.00	50	—	—	—	—	12
29.99	78.28	287.58	155.88	—	B. L. Jalan (Chairman)	85,153	—	Finlay Mills	170.00	100	15.00	10.00	11.00	—	12
80.00	111.96	804.27	277.92	0.32	Ratanal Mulji (Chairman)	72,724	—	Gold Mohur Mills Ltd.	168.00	100	15.00	10.00	11.00	—	12
70.00	94.44	277.08	189.26	0.88	Ratanal Mulji (Chairman)	66,844	—	India United Mills	1.40	100	—	—	—	—	12
500.00	—	—	—	—	S. D. Mehta (Authorized Controller)	2,71,290	—	Khatan Makar, Spg. & Wvg.	155.00	100	10.00	10.00	10.00	12.00	6
60.00	168.88	827.88	648.18	—	D. M. Khatan (Chairman)	1,10,792	—	Kohinoor Mills	281.00	100	6.00	—	—	—	12
149.68	168.81	789.18	580.84	—	Kanail Nahachand (Chairman)	1,28,500	—	Modella Woollens	10.00	10	—	0.50	0.75	—	12
104.61	123.23	668.60	526.08	0.75	C. O. Desai (Chairman)	1,090	—	Morarijee Gomedas Spg. & Wvg.	280.00	100	15.00	15.00	15.00	—	12
64.98	28.28	149.11	75.30	0.01	N. D. Birur (Chairman)	61,596	—	National Rayon Corporation	628.00	100	28.00	28.00	28.00	—	12
108.41	88.65	300.96	142.81	—	Gopikisan Prasad (Chairman)	1,89,216	—	New City of Bombay Mfg.	65.00	100	5.00	5.00	5.00	—	12
74.78	178.49	559.78	287.25	—	Kasturbhai Lalbhai (Chairman)	54,682	—	New Great Spg. & Wvg.	70.00	100	15.00	—	—	—	12
819.99	457.08	27,39.98	17,27.70	0.11	Bagirath Konola (Chairman)	51,988	—	Podar Mills	9.88	10	—	—	—	—	12
64.00	82.88	241.51	126.82	—	R. A. Foder (Chairman)	70,680	—	Raghuvarshi Mills	94.00	100	12.00	10.00	10.00	—	12
85.00	18.00	270.58	161.18	7.80	Gopal Krishna Singhania (Chairman)	48,876	—	Raymond Woollen Mills Ltd.	19.38	10	1.20	1.20	1.20	—	12
64.00	60.06	483.27	218.80	0.58	Gokulchand Bangur (Chairman)	95,636	—	Shree Nivara Cotton Mills	129.00	100	8.00	5.00	10.00	—	12
109.81	64.20	489.18	142.65	—	Bhagidhar Leherchand (Chairman)	1,89,216	—	Shree Ram Mills Ltd.	85.00	100	10.00	—	—	—	12
45.00	82.22	223.88	147.67	0.07	S. R. Damani (Chairman)	50,592	—	Simpler Mills	109.00	50	10.00	8.00	8.00	—	12
105.00	142.99	588.86	216.58	—	Arvind N. Mafatlal (Chairman)	1,16,052	—	Standard Mills	672.00	100	20.00	20.00	25.00	28.00	12
110.00	108.84	533.69	360.06	—	Naval H. Tata (Chairman)	91,112	—	Swadehi Mills	158.50	100	14.00	9.00	9.00	—	12
199.99	206.17	849.92	447.19	—	Ratanal Mulji (Chairman)	44,884	—	Swan Mills	148.00	100	15.00	15.00	15.00	—	12
99.79	71.20	400.95	211.80	—	Naval H. Tata (Chairman)	80,192	—	Victoria Mills Ltd.	163.50	100	18.00	18.00	18.00	—	12
175.00	600.88	30,03.48	968.18	—	Madanmohan Mangaldas (Ch.)	52,873	—	Western India Spg. & Mfg.	188.75	250	26.00	24.00	24.00	—	12
121.00	186.88	702.83	454.78	0.06	P. Shoorji Vallabhdas (Chairman)	58,364	—								
60.00	68.09	344.11	258.10	—											
98.18	69.99	353.64	206.88	—											
85.20	64.08	285.16	174.16	—											
45.00	20.61	292.12	216.78	—											

AMHEDABAD

105.00	92.86	537.18	285.80	0.01	Naval H. Tata (Chairman)	59,480	1,223	Ahmedabad Advance Mills	281.50	100.00	9.00	9.00	9.00	—	12
50.89	145.14	859.18	206.72	0.09	G. P. K. Kothari (Chairman)	55,156	1,082	Arma Mills	818.00	100.00	18.00	18.00	18.00	—	12
140.00	385.99	819.74	481.25	0.01	Kasturbhai Lalbhai (Chairman)	1,08,940	1,886	Arvind Mills	492.00	100.00	24.00	24.00	24.00	—	12
80.00	141.77	448.44	262.74	0.09	Arvind Narottam (Chairman)	54,488	1,087	Asoka Mills	308.75	100.00	18.00	18.00	18.00	—	12
600.00	476.36	22,99.08	12,24.78	0.01	Ganesh Sarabhai (Chairman)	1,91,692	2,850	Calico	455.00	125.00	25.00	31.25	19.75	18.00	8
250.00	388.34	12,55.05	576.82	—	Arvind N. Mafatlal (Chairman)	1,27,960	2,168	New Shorrock Spg. & Wvg.	457.00	125.00	20.00	20.00	20.00	—	12
80.00	100.98	397.89	228.97	0.08	Lilavati Lalbhai (Chairman)	55,244	800	Rajpur Mfg.	258.75	100.00	24.00	24.00	24.00	—	12
136.02	510.81	10,02.24	649.15	0.46	H. Harilalabdas (Chairman)	1,01,956	1,977	Shri Ambika Mills	724.00	100.00	36.00	36.00	36.00	—	12

WEST BENGAL

54.65	24.00	198.40	52.00	0.13	Bhagirath Kanoria (Chairman)	17,044	—	Aditya Mills	6.85	10	0.75	0.75	0.75	—	12
15.00	0.99	112.00	47.41	—	M. M.	1,40,050	—	Basant Cotton Mills	2.66	10	—	—	—	—	12
100.00	170.01	684.78	249.40	—	Y. M. Lodha (Secretary)	—	—	Bharat Commerce & Industries	19.81	10	1.00	1.00	1.00	—	12
85.00	88.76	860.62	226.19	—	M.	47,888	—	Bowreah Cotton Mills	12.87	10	1.75	1.75	1.75	—	12
47.50	28.05	829.96	195.58	—	M.	45,928	—	Bumbar Mills	11.00	10	0.50	—	—	—	12
164.00	136.15	660.18	287.23	—	M.	4,832	—	Jaya Shree Textiles & Ind. Ltd.	8.00	10	1.00	—	—	—	12
399.94	680.85	21,88.88	987.92	—	S. K. Parik (Secretary)	75,824	2,215	Kecoram Ind. & Cotton Mills	17.40	10	1.00	1.56	1.56	1.00	8

SOUTH INDIA AND OTHER CENTRES

80.00	5.45	122.97	82.14	5.80	D. C. Kothari (Chairman) ..	24,000		Adoni Spg. & Wvg. Co. Ltd.	6.10	10	0.60	0.50	—	—	12
87.60	101.44	852.12	144.68		T. S. Krishna (Chairman) ..	44,256	1,094	Anglo-French Textiles Ltd.	162.00	100	15.00	15.00	15.00	—	12
11.00	15.10	81.52	57.49	0.08	K. Sundaram (Chairman) ..	22,560		Amber Textiles Ltd.	142.00	100	10.00	10.00	7.50	15.00	8
72.00	16.68	806.22	101.72	—	N. Bhagwandas (Chairman) ..	86,199	725	Amson Jabi Mills ..	18.00	100	—	—	—	—	12
478.89	287.63	10,15.16	481.07	0.40	K. K. Birla (Chairman) ..	89,896	1,094	Baroda Rayon Corporation	118.00	100	9.00	9.00	9.00	—	12
79.92	242.05	440.79	809.44	—	S. K. Parik (Secretary) ..	28,224	800	Birla Cotton Spg. & Wvg.	16.00	10	1.00	1.00	1.00	1.00	5
60.00	43.06	190.00	129.89	0.09	Rameshwar Tanti (Chairman) ..	1,10,500	2,140	Cawnpore Textiles	8.47	5	—	0.50	0.40	—	12
128.44	4.94	639.62	261.26	—	Naval H. Tata (Chairman) ..			Central India	44.00	50	—	—	—	—	12
949.88	46.97	188.64	138.22	—	S. K. Parik (Secretary) ..	84,404	100	Century Spun Mills Ltd.	240.00	100	—	—	—	—	12
80.00	67.20	628.96	284.16	2.15	G. Venkataswamy Naidu (Chairman) ..	46,064	518	Chimbatore Cotton Mills	128.00	100	9.00	9.00	10.00	—	12
906.84	22,89.81	74,88.24	81,24.86	—	M. Chokalingam (Chairman) ..	46,064	518	Davangere Cotton Mills	218.00	100	12.00	12.00	12.00	12.00	8
45.00	47.43	199.37	189.58	0.02	Bharat Ram (Chairman) ..	1,17,778	2,404	Dhobi Cloth & General Mills	87.62	25	9.00	1.50	8.00	4.00	6
94.50	159.59	507.24	352.64	0.05	C. Ramasami (Mg. Director) ..	50,146	156	Dhanabai Mills	182.00	100	10.00	10.00	10.00	—	12
40.00	96.16	196.86	108.91	—	Rameshwar Tanti (Chairman) ..	90,610	2,168	Dhobi Mills	7.00	10	1.00	1.00	1.00	—	12
130.16	185.44	897.81	800.74	0.01	Homi F. Mehta (Chairman) ..	38,524	733	Geokar Mills Ltd.	185.00	100	16.00	16.00	16.00	—	12
550.00	18,40.07	90,04.82	18,18.20	—	F. H. Kemple (Chairman) ..	90,070		Geokar Mills	164.00	100	15.00	15.00	15.00	—	12
348.74	43.17	558.97		—	G. D. Birla (Chairman) ..			Gwalior Rayon	40.75	10	—	—	—	—	12
80.00	16.00	259.94	168.90	—	D. P. Mandela (Chairman) ..	54,953	1,356	Indian Rayon Corporation	80.00	100	—	—	—	—	12
31.06	43.29	171.04	92.55	0.06	K. L. Sharma (Chairman) ..	25,613	511	Jam Shri Ram Mills	1,480.00	1,000	60.00	60.00	100.00	100.00	12
19.99	8.68	156.73	79.67	0.03	S. R. Damani (Chairman) ..	49,920		Jawahar Mills Ltd.	8.25	5	—	—	—	—	12
458.65	780.23	17,74.59	12,21.11	—	M. A. Palaniappa Chettiyar (Mg. D.) ..	80,454	1,847	Jyoti Cotton Spg. & Wvg.	24.88	10	0.50	0.50	1.25	1.50	12
128.00	120.78	606.98	431.05	0.28	D. D. Dadoo (Secretary) ..	44,168	1,098	M. S. Cotton Spg. & Wvg.	28.87	10	1.25	1.25	1.25	—	12
900.00	983.07	10,18.53	559.83	—	S. P. Padmapati Rangana (Chairman) ..			Mohari Textiles	7.70	10	0.60	0.60	0.70	—	12
72.00	17.55	270.87	209.11	12.43	G. C. Kothari (Chairman) ..	700	288								8

STOCK & SHARE QUOTATIONS—(Continued)

TEXTILES: SOUTH INDIA AND OTHER CENTRES—(Contd.)

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Number Installed		MHI	Latest available quotations	Paid-up Per Share	Dividend per Ordinary Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depre- ciation	Carried Forward		Spindles	Looms				1967	1968	1969	1970	
									Rs	Rs	Rs	Rs	Rs	Rs	
71.00	56.17	568.58	995.01	0.01	B. K. Kandaswamy (Chairman)	1,90,192	287	Lakshmi Mills	88.00	50	5.00	4.00	4.00	8.00	8
88.78	76.22	586.99	427.44	-110.96	L. V. Apte (Chairman)	1,08,284	2,804	Lakshmi Vishnu Cotton	83.00	25	2.50	2.00	2.00	8.00	8
81.43	34.71	312.60	119.80	0.06	K. Thirumalaiah Chettiar (Chairman)	36,432	300	Loyal Textile Mills	94.50	100	NH	NH	NH	NH	12
700.10	285.40	18,01.01	11,99.73	0.09	M. A. Muthiah Chettiar (Chairman)	4,55,188	1,003	Madurai Mills	87.00	50	4.50	8.50	8.75	8.00	8
216.00	889.38	15,58.52	892.29	0.01	Arvind N. Mafatlal (Chairman)	1,48,008	2,936	Madurai Fine Spg. & Mfg. Co., Ltd.	18.92	15	1.50	1.50	0.80	1.50	12
118.61	81.91	188.48	88.61	0.09	M. R. Bourcier (Chairman)	24,456	558	Mettur Boarded	380.00	100	30.00	15.00	17.00	17.00	8
29.80	1.97	207.83	76	-25.46	N. D. Srin (Chairman)	44,144	692	Mettur Boarded	175.00	100	17.50	20.00	15.00	17.50	8
94.82	4.32	221.35	179.63	-17.67	K. D. Rath (Auth. controller)	52,403	948	Mettur Boarded	18.00	100	NH	NH	NH	NH	12
173.79	277.37	12,20.37	5 0.00		G. M. Modi (Chairman)	75,424	625	Modi Spg. & Wvg. Mills	81.00	250	NH	NH	NH	NH	4
66.91	5.58	235.60	81.22	-44.20	N. D. Srin (Chairman)	50,482	600	Mysore Spg. & Mfg.	7.24	50	NH	NH	NH	NH	12
81.50	48.25	119.98	88.98	0.01	S. F. Mohia (Chairman)	25,972	480	Nasari Cotton & Silk Mills Ltd.	105.00	100	11.00	5.00	8.00	8.00	12
87.28	3.88	198.83	88.60	-80.86	B. P. Sinha (Chairman)	88,144	902	Osmanabad Mills	12.00	100	NH	NH	NH	NH	9
8.00	17.81	142.87	91.00	0.08	B. Muthuramy (Chairman)	47,600		Palani Andavar Mill	81.88	50A	10.00	8.00	8.00	8.00	12
13.00									121.48	75B	15.00	4.50	12.00		
50.00	78.65	814.88	156.45		K. Damotharan (Chairman)	77,860		Premier Mills	196.00	100	20.00	10.00	12.00	15.00	3
63.18	28.59	143.90	119.82	0.06	V. Rangasamy (Chairman)	60,704	800	Radhakrishna Mills	19.00	25	0.75	NH	0.175	12.00	12
28.21	88.47	280.20	128.84	0.11	Nandlal Mukundlal (Chairman)	87,252	610	Raja Bahadur Motilal Mills	82.00	100	NH	NH	6.00	12.00	12
32.00	46.57	175.72	114.17		G. Venkataswami Naidu (Chairman)	62,000		Rajalakshmi Mills	84.00	50	4.25	8.00	6.00	12.00	12
20.91	23.80	126.97	79.86		P. A. C. R. Ramasubramania			Rajapalayam Mills	72.00	100	6.00	4.00	4.00	7.50	3
20.78	8.91	91.00	50.85	0.05	Raja (Mg. Director)	36,044		Rajaseema Mills	90.00	100	10.00	10.00	12.00	12.00	12
48.83	32.55	174.40	39.62		M. Lakshminathan Reddy	21,200		Rajasthan Spg. & Wvg. Mills	12.00	10	NH	NH	NH	NH	9
20.00	23.59	108.88	72.71	0.02	L. N. Jhunjhunwala (Mg. Director)	86,160		Sivanandha Mills Ltd.	10.50	10	0.75	0.75	0.75	6.00	12
490.00	143.60	22,84.98	806.98		G. K. Devarajulu (Mg. Director)	34,128		South India Viscose Ltd.	171.00	100	8.00	NH	NH	NH	12
4.06	20.86	81.95	53.24	0.01	G. D. Duraiswami (Chairman)	80,484	380	Sri Balasubramania Mills	22.40	70	4.20	2.50	4.50	12.00	12
8.15	27.13	237.45	180.40		A.R. Adakkappa Chettiar (Chairman)	89,984	358	Sri Venkatesa Mills	59.00	50	4.50	8.00	4.50	12.00	12
60.50	27.13	237.45	180.40		S. M. Ramakrishna Rao (Chairman)	82,260		Sri Krishnarajendra Mills	40.00	50	NH	NH	NH	2.00	8
45.09	14.82	185.93	188.44	0.01	G. V. Ramaswamy Naidu	20,496		Sri Ramakrishna Mills	187.82	100	16.00	12.00	12.00	12.00	3
18.37	17.68	110.64	88.60	0.02	(Chairman)	20,496		Super Spinning Mills	150.00	100	10.00	8.00	10.00	10.00	3
25.00	80.95	125.85	26.15	0.09	M.	86,212	1,244	Sutlej Cotton Mills	28.25	10	0.857	0.857	1.30	1.30	12
106.00	415.38	102.04	46.03		R. G. Agarwal (Secretary)	1,31,890	2,708	Swadesh Cotton (Kanpur)	12.00N	100	0.25	0.50	0.50	0.50	12
17.50	418.38	11,83.98	648.81		S. Jaipuria (Chairman)	25,116		Thanjavur Textiles	9.00	10P.O.	0.821	0.80	0.60	0.60	12
167.50	4.94	106.87	21.81		M.	28,384	495	Tirumurti Mills	8.12	10	0.60	0.60	0.60	0.60	12
29.90	2.14	59.54	37.52	-10.84	P. Suryanarayana (Chairman)	12,000		Tirupati Cotton Mills Ltd.	8.50	10	NH	NH	NH	NH	12
14.02	4.37	97.04	40.17	-78.45	M.	25,984		Travancore Rayons	22.00	10	1.50	1.50	1.50	1.50	12
24.80	95.77	771.78	623.78		Vijayavankatachaldural (Chairman)	49,044	266	Vasanta Mills	10.00	10	0.75	0.50	1.25	1.50	12
126.00	18.08	58.89	32.61	0.04	M.	43,112		Vijayakumar Mills	62.00	100	4.00	NH	4.00	4.00	12
13.99	20.76	142.71	117.80	-3.15	M.			Vijayalakshmi Mills	112.00	100	7.50	9.00	9.00	9.00	8
81.50	12.24	129.16	60.16		A.R. L. V. N. Chetty (Chairman)	89,960	200	Vrindunagar Textile Mills Ltd.	47.00	100	NH	NH	NH	NH	12
17.00	7.94	111.44	80.05	-22.25	M.				29.00	60	8.75	8.75	2.50		12
12.18	8.40	25.09	20.07	0.02											

For 15 months ended 31st March 1967.

JUTE COMPANIES

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Number of Looms	Company	Latest available Quotations	Paid-up per Share	Dividend per Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depre- ciation	Carried Forward						1967	1968	1969	1970	
								Rs	Rs	Rs	Rs	Rs		
80.00	71.69	230.95	151.38	0.01	M.	879	Agarpara	7.75	10	0.50	0.50	0.50	0.50	8
18.00	5.85	184.61	88.78	-25.87	M.	448	Alexandra	50.00N	100	NH	NH	NH	NH	8
90.00	12.28	188.98	141.69	-3.41	M.	1,264	Alliance	15.50	100	NH	NH	NH	NH	8
59.05	120.62	327.61	248.25	0.24	K. P. Goenka (Chairman)	2,561	Anglo-India	122.00	100	2.50	2.50	2.50	0.50	5
40.00	88.50	337.19	185.78		A. Das Gupta (Secretary)	810	Auckland	50.00	100	NH	NH	NH	NH	8
51.20	100.80	419.61	287.28		B. N. Yadav (Secretary)	859	Bally	14.12	10	1.00	1.00	1.00	NH	8
62.75	62.49	217.60	214.08	80.06	Sir George (Chairman)	1,880	Barnagore	30.00	25	NH	NH	NH	NH	8
199.45	140.00	30,26.36	10,31.00	0.89	M.	1,378	Birsa	22.48	10	1.50	1.50	1.50	NH	8
184.78	80.80	325.55	420.43	-28.05	J. F. Brierley (Chairman)	779	Budge Budge Amalgamated	9.19	10	NH	NH	NH	NH	8
29.68	18.98	294.87	188.84	0.66	James Finlay & Co., Ltd. (Secretaries)	600	Champdany	13.50	10	NH	NH	0.50	0.50	11
30.15	165.98	130.11	45.81	-28.06	A. C. Fotheringham (Chairman)	500	Chitavalah	7.50	10	NH	NH	NH	NH	8
81.49	20.95	270.78	135.19	-20.82	A. Das Gupta (Secretary)	766	Dalhousie	49.00	100	NH	NH	NH	NH	8
80.00	15.38	143.84	111.02	-11.68	J. P. Kanoria (Chairman)	500	Empire	4.58	10	NH	NH	NH	NH	8
135.85	129.95	824.48	512.41		M.	1,884	Fort Gloster Industries Ltd.	185.00	100 Old	2.50	2.50	2.50	NH	8
41.99	34.81	335.86	187.96		N. D. Bangur (Chairman)	1,014	Fort William	10.82	10	0.25	NH	NH	NH	8
84.82	106.81	430.79	257.89		H. S. Singhania (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	8.56	10	0.50	NH	0.75	0.75	8
78.40	78.04	446.77	231.28	0.14	M.	407	General Ind. Society Ltd.	10.75	10	0.50	0.50	1.00	1.00	12
48.00	48.14	446.18	323.88	0.07	H. D. Wahi (Mg. Director)	1,894	Gouphere	7.19	10	0.50	0.50	NH	NH	12
80.00	106.86	401.88	248.82	0.04	G. O. Bangur (Chairman)	1,078	Hastings	80.00N	100	4.00	2.50	2.50	2.50	8
65.88	8.34	245.11	199.45	-15.17	M.	1,940	Howrah	8.25	10	NH	NH	NH	NH	8
82.50	27.09	385.40	384.99		M. M. Mishra (Secretary)	2,272	Hukumchand	18.75	7.50	NH	NH	NH	NH	8
24.00	16.61	280.02	191.27	-57.29	M.	1,797	Kamarbhaty	07.00	100	NH	NH	NH	NH	12
80.00	1.96	321.88	161.00	-120.67	M.	1,527	Kankarnath	25.00	100	NH	NH	NH	NH	12
77.00	22.50	398.71	228.87	-20.75	A. C. Fotheringham (Chairman)	708	Kelvin	18.00	100	NH	NH	NH	NH	5
67.50	13.33	329.61	304.08	-25.60	B. P. Kedia (Chairman)	1,580	Khardah	4.25	10	NH	NH	NH	NH	8
59.08	28.48	408.81	287.28	-2.86	M.	1,260	Kinross	25.50	100	NH	NH	NH	NH	8
24.48	1.34	118.58	49.78	-0.47	A. Das Gupta (Secretary)	981	Lawdowne	25.00	100	NH	NH	NH	NH	8
28.00	12.89	56.06	46.60		N. K. Ghoshal (Secretary)	840	Lawrence	25.00	100	8.00	NH	NH	NH	8
81.65	60.48	512.61	280.18	0.05	M.	1,294	Megna	4.22	10	NH	NH	NH	NH	8
29.99	32.50	270.95	179.89	0.08	J. K. Bhagat (Mg. Director)	815	Nalhati	27.00	100	NH	NH	NH	NH	8
35.00	159.49	737.72	385.18	0.02	M.	852	National	7.50	10	NH	1.00	NH	NH	10
30.75	19.83	118.84	76.67	-5.63	A. C. Fotheringham (Chairman)	316	Nellamara Jute	8.31	10	0.50	0.40	NH	NH	7
259.00	231.04	13,59.53	840.46	0.59	A. K. Jain (Chairman)	1,785	New Central	4.44	10	NH	1.00	1.00	1.00	8
18.80	45.80	509.07	138.87		N. K. Ghoshal (Secretary)	567	Northbrook	12.12	10	0.25	0.25	1.00	NH	12
65.80	15.95	351.87	149.33	-12.36	H. D. Wahi (Mg. Director)	1,092	Nuddes	6.81	10	NH	NH	NH	NH	8
25.00	4.79	124.82	101.80	-28.79	O. Hockley (Chairman)	400	Presidency	1.06	5	NH	NH	NH	NH	8
20.00	7.10	64.58	60.65	0.08	S. M. Prasad (Secretary)	305	Rameshwara	11.25	10	NH	NH	NH	NH	12
49.50	35.00	239.14	118.87		Sandeep Kanoria (Chairman)	423	Ratnagar	8.50	10	NH	NH	NH	NH	8
60.00	64.10	228.94	219.29	80.01	G. D. Butechart (Secretary)	2,013	Sammangur	10.12	£1	NH	NH	NH	NH	12
58.00	56.14	228.94	219.01	20.82	G. D. Butechart (Secretary)	2,024	Saugur	11.87	£1	NH	NH	NH	NH	12
85.99	5.15	199.49	101.26	19.29	A. Das Gupta (Secretary)	1,826	Union	45.80	100	NH	NH	NH	NH	8
44.00	61.85	215.98	69.17	0.08	G. D. Butechart (Secretary)	1,581	Victoria	10.12	£1	NH	NH	NH	NH	8
2.50	8.10	68.48	46.08	0.30	A. C. Fotheringham (Chairman)	447	Waverley	8.00	1	0.15	0.15	0.06	12	

SOUTH INDIAN PLANTING COMPANIES

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Area under Cultiva- tion Acres	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depre- ciation	Carried Forward						1967	1968	1969	1970	
Rs.	Rs.	Rs.	Rs.	Rs.						Rs.	Rs.	Rs.	Rs.	
TEA COMPANIES														
14.81	10.48	81.20	9.52	0.18	M. D. C. Kothari (Chairman)	1,688	Balanor Tea and Rubber	14.75	10	1.50	1.50	1.50		1
84.00	14.14	204.83	81.43	0.69	D. C. Kothari (Chairman)	1,510	Blue Mountain Estates & Ind.	1.82	10	0.22	0.15	0.15	NH	1
5.80	8.06	24.27	5.80	0.15	M. D. C. Kothari (Chairman)	582	Chandramahal Estates Ltd.	1.68	10	NH	NH	NH		1
80.68	84.06	29.77	24.20	0.02	M. D. C. Kothari (Chairman)	715H	Chandramahal Estates Ltd.	2.70	10	0.45	0.80	0.80	0.80	1
9.30	8.82	27.40	6.97	0.16	M. I. Goenka (Chairman)	497	Georg Tea	3.15	10	0.20	0.20	0.20	0.20	1
8.40	1.71	16.00	0.45	0.04	A. C. K. Krishnaswami (Chairman)	144H	Devashola (Nilgiri) Tea	14.00H	10	NH	0.50	0.50	0.50	1
19.69	11.44	88.40	11.25	0.02	P. R. Subramanyam (Chairman)	610H	Halejburia	7.75	10	1.00	1.00	0.80		1
12.00	10.69	24.28	9.41	0.09	A. F. W. Low (Chairman)	211H	Kalaia Tea	3.25	10	0.22	0.22	0.22	0.22	1
80.80	18.88	84.82	10.07	0.07	A. F. W. Low (Chairman)	854H	Kil Kotagiri Tea	2.80	10	0.40	0.80	0.80	0.80	1
10.35	6.91	25.37	8.92	0.01	K. Chertan (Chairman)	987	Kudermala Plant Ltd.	1.25	10	0.70	0.70	0.60	0.60	1
8.00	4.60	17.88	8.02	0.71	S. Padmanabhan (Chairman)	140H	Lucky Valley	19.75	10	1.00	1.00	1.00		1
80.00	87.51	96.21	27.71	0.69	J. Thomas (Chairman)	697H	Neelamalai	7.20	10	0.625	0.625	0.625	0.625	1
80.00	18.78	66.40	17.90	0.12	J. Thomas (Chairman)	802H	Neelampathi	4.00	10	0.60	0.60	0.60	0.60	1
14.08	11.82	40.87	10.94		S. B. M. Sasvaran (Chairman)	1,622	Nilgiri Tea	7.08	10	NH	NH	NH	NH	1
82.84	30.26	125.75	26.18	0.04	R. N. Kapur (Chairman)	1,015H	Nonsuch Tea	17.75	10	1.50	1.75	1.75	1.75	1
14.89	20.25	44.29	12.94	0.91	D. M. Backing (Chairman)	238H	Parake	25.75	10	2.00	2.00	2.00	2.00	1
12.00	85.97	29.59	2.14	0.21	S. Sivaramakrishna Aiyar	771	Peninsular Plantations Ltd.	15.60	10	2.00	1.00	1.00		1
81.25	45.91	94.59	81.24	0.04	M. D. C. Kothari (Chairman)	648H	Peermade	12.82	10	1.75	1.00			1
80.54	49.88	169.78	82.28	0.06	A. F. Low (Chairman)	1,534H	Periakaramalai	8.00	10	0.40	0.80	0.25	0.25	1
18.60	2.27	12.62	2.87	0.09	M. D. C. Kothari (Chairman)	882H	Shreevar Estates Ltd.	2.85	10	0.25	0.15	0.20		1
15.00	10.91	41.47	16.45	0.09	M. D. C. Kothari (Chairman)	648H	Shreevar Estates Ltd.	12.12	10	1.25	1.25			1
12.60	6.33	89.98	11.24	0.01	P. C. M. Ganapathy (Chairman)	1,065	Talayur Tea	0.8	10	NH	NH	NH	NH	1
10.69	11.44	88.40	11.25	0.02	P. R. Subramanyam (Chairman)	491H	Tayford	4.75	10	0.50	0.50	0.50		1
2.20	4.02	12.31	2.13	0.87	M. D. C. Kothari (Chairman)	518	Udayagiri Rubber Co., Ltd.	15.50	10	NH	NH	NH	NH	1
82.90	19.89	77.14	88.58	0.24	M. D. C. Kothari (Chairman)	727H	United Nilgiri	16.75	10	1.75	1.40	1.40		1
47.28	87.50	169.80	44.53	6.78	D. C. Kothari (Chairman)	1,800H	Waterfall	2.25	10	0.25	0.20	0.24	NH	1

RUBBER AND OTHERS

9.00	4.00	22.74	7.18	-0.88	M. A. M. Muthuraman Chettiar	974	Alagawar Estates Ltd.	2.85	10	0.20	0.20	0.12	NH	1
2.80	2.75	14.12	8.98	-0.58	A. V. Mathew (Chairman)	622	Anandam Rubber Co., Ltd.	12.50	10	NH	NH	NH	NH	1
12.08	2.28	22.07	4.80	0.81	M. D. C. Kothari (Chairman)	1,442	Anapuri Estates Ltd.	4.60	10	0.60	0.50			1
4.25	6.25	17.45	2.87	0.1	M. D. C. Kothari (Chairman)	1,041	Badra Coffee Estates Ltd.	2.80	10	0.40	0.20	0.20		1
4.00	1.50	7.64	2.48	0.27	J. Thomas (Chairman)	230H	Bababidi Coffee & Produce	7.65	10	0.75	0.25	0.60		1
3.00	0.00	6.36	1.44	-0.53	D. C. Kothari (Chairman)	143H	Balmadras Plantations	2.10	10	0.20	NH	NH	NH	1
82.80	27.92	72.12	21.98	0.02	A. D. Rolland (Chairman)	2,627	Cochin Malabar	5.85	10	0.525	0.50	0.375	0.45	1
80.00	46.33	54.97	19.63	1.14	M. A. Sreenivasan (Chairman)	2,754	Coconut Lands and Industries	20.75	10	1.80	1.60	1.60		1
178.87	129.89	855.40	104.15	0.04	M. A. Sreenivasan (Chairman)	4,089H	Consolidated Coffee Ltd.	29.25	10	1.85	1.85	1.85	1.60	1
6.00	5.40	18.52	2.76	-0.19	K. L. Naraduba Rao (Chairman)	1,410	Cottanad Plantations	15.75	10	2.00	1.00	1.50	NH	1
8.18	3.35	4.46	3.07	0.04	M. D. C. Kothari (Chairman)	248H	Cowooddy Estates (Coffee)	4.08	10	0.85	0.80	0.80	0.85	1
27.00	10.05	64.17	18.64	0.09	J. Thomas (Chairman)	1,280H	Highland Produce	13.25	10	1.25	1.25	1.25		1
19.50	18.00	439.44	761.44	1.58	L. S. Venkaji Rao (Chairman)	1,873	Kalasa Rubber Co., Ltd.	8.5	10	0.45	0.80	0.80	0.80	1
20.00	17.35	47.42	10.40	0.08	M. D. C. Kothari (Chairman)	843H	Kapetia Estates	10.00	10	1.50	1.30	1.30		1
0.00	4.72	13.62	4.98		M/A Petros Leslie In dia Ltd. (Sec.)	814H	Kumaragode Estates Ltd.	4.08H	10	0.85	0.82	0.85	0.85	1
4.26	8.65	7.99	3.19	0.46	R. Radcliffe (Chairman)	844H	Lingapur Estates	4.80H	10	0.80	0.80	0.80	0.80	1
18.00	11.84	29.25	7.06	0.46	K. C. Thomas (Jt. Mg. Director)	871H	Malankara Rubber	29.00	10	2.50	2.25	2.50	2.50	1
8.25	2.83	12.08	1.19	0.81	M. D. C. Kothari (Chairman)	914	Mercara Rubbers Ltd.	0.00H	10	0.75	0.50			1
40.50	25.87	105.33	23.95	0.22	J. Thomas (Chairman)	1,452H	Midland Rubber	1.00	10	1.00	1.00	0.75	1.00	1
9.75	8.41	14.73	3.11	0.12	R. Radcliffe (Chairman)	3,15H	Midland Rubber	12.15	10	0.80	0.80	0.80	0.80	1
16.00	8.50	84.81	6.65	0.06	A. D. Peacock (Chairman)	1,049H	Oncoy Estates Ltd.	8.30	10	0.25	0.15	0.15	0.15	1
27.00	22.50	69.82	11.79	0.05	J. Thomas (Chairman)	1,171H	Pullangode Rubber	18.75	10	1.80	1.80	1.80	1.80	1
2.00	4.12	5.62	1.04	0.24	M. D. C. Kothari (Chairman)	420	Rajendra Coffee Ltd.	22.00	10	2.50	1.50	1.50		1
12.00	5.50	26.26	0.78	0.02	K. S. Vaidyanathan (Chairman)	476H	Sangameswar Coffee Estates	2.27	10	0.80	0.80	0.80	0.80	1
10.24	8.88	14.56	2.59	0.25	M. D. C. Kothari (Chairman)	205H	Savannah Estates Ltd.	8.25	10	0.45	0.45			1
6.25	4.79	15.62	1.14	0.21	A. D. Peacock (Chairman)	1,049H	Thamarapally Rubber	13.00	10	1.25	1.25			1
0.16	15.08	20.93	4.30	0.03	A. D. Rolland (Chairman)	885H	Thiruvadi Rubber Co., Ltd.	2.03	10	NH	NH	0.15	0.05	1
6.00	9.48	19.30	2.79	0.04	Eapen Thomas (Mg. Director)	1,841	Travancore Rubbers Ltd.	9.00	10	0.80	0.80	0.80		1
41.00	20.16	102.28	25.87	0.02	R. Sankaranarayanan Aiyar	2,255H	Travancore Rubber & Tea	8.90	10	0.80	0.80	0.80		1
20.00	16.41	12.54	0.04	0.04	E. Bhaskaran Nair (Chairman)	5,162H	Tropical Plantations Ltd.	2.50	10	2.50	2.00	2.00		1
84.64	8.50	16.04	1.70	0.02	K. Ramchandran (Chairman)	3,698H	Vadakkam Rubber Co., Ltd.	25.58	10	2.00	1.50	1.50	1.50	1
9.60	12.95	27.31	8.08	0.16	P. I. Joseph (Chairman)	1,376	Vallimalai Rubber & Co.	12.48H	10	0.60	0.65	0.60	0.75	1
12.00	11.85	17.70	5.68	0.08	R. Radcliffe (Chairman)	415H	Wartyully Estates Ltd.	2.85	10	0.20	0.20	0.20	0.20	1

* Includes bonus. H—Area in Hectares.

N.B.—All dividends are shown as taxable.

† For seventeen months ended 31st March 1970.

M—Managed by Board of Directors.

† For 15 months ended 31st March 1970.

NORTH INDIAN TEA ESTATES

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Area under Tea H	Company	Latest available Quotation	Paid-up per Share	Dividend per Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depre- ciation	Carried Forward						1967	1968	1969	1970	
										Rs.	Rs.	Rs.	Rs.	
ASSAM														
19.87	12.16	40.82	16.72		M. D. C. Kothari (Chairman)	868	Amluckie	5.50	10	0.20	NH	NH		1
19.91	12.04	67.72	17.78	0.04	P. K. Kanoria (Chairman)	184	Ananda (Assam) Tea	6.00	10	1.00	0.50	1.00		1
8.78	8.80	25.65	12.97		S. B. Datta (Chairman)	298	Ananda Bag	10.00	10	0.75	0.50	1.00		1
5.50	5.81	40.78	21.44	-9.47	M. D. C. Kothari (Chairman)	242	Baghmari	4.19	10	NH	NH	NH	NH	1
7.05	12.48	87.86	19.15	0.01	P. K. K. Nambiar (Chairman)	197	Bamania	11.44	10	1.50	NH	1.25		1
10.24	11.08	84.83	19.12		S. B. Datta (Chairman)	239	Betjan	11.25	10	0.25	NH	1.50		1
15.48	15.48	138.78	81.31	-11.66	M. D. C. Kothari (Chairman)	7,000	Bhambani	7.87	10	0.80	NH	NH		1
7.50	14.58	80.96	9.71	0.08	M. D. C. Kothari (Chairman)	220	Bornah Jan Tea	7.44	10	1.25	1.00			1
9.00	0.06	29.26	11.17	-2.52	R. C. Mehta (Secretary)	187	Dejoo Valley	7.06	10	0.25	NH	NH		1
10.00	15.79	85.81	15.91	0.27	S. L. Dhanuka (Mg. Director)	899	Dhunsari	11.06	10	1.80	1.80			1
4.50	21.81	30.28	11.02	0.06	M. D. C. Kothari (Chairman)	208	Dibrugarh	19.31	10	5.00	5.00	1.00		1
8.47	11.21	27.08	13.08	0.20	M. D. C. Kothari (Chairman)	267	Dimaasari	14.75	10	1.50	1.50			1
14.01	14.92	84.00	17.10	0.04	M. D. C. Kothari (Chairman)	266	Dumaghar	12.62	10	1.00	NH			1
10.14	8.66	30.21	16.29	0.10	M. D. C. Kothari (Chairman)	228	Gohpur	9.56	10	1.00	0.50	NH		1
8.00	7.92	22.49	8.80	0.06	M. D. C. Kothari (Chairman)	197	Hoogajuli	25.00	10			9.50		1
8.70	25.15	47.24	16.48	0.03	J. F. Brerley (Chairman)	865	Hoogajoree	104.00	100	NH	NH			1
184.00	188.16	680.18	287.23	0.03	M. D. C. Kothari (Chairman)	4,827	Jay Shree Tea & Industries	17.06	10	1.15	1.00	15.50		1
18.50	19.89	37.02	15.52		S. B. Datta (Chairman)	439	Justibar	15.50	10	1.00	1.00	1.00		1
7.05	9.58	41.75	14.16	0.04	G. P. Goenka (Chairman)	896	Kotamullai Tea	4.00	5	NH	0	5.00		1
8.50	16.00	29.42	12.84	0.07	R. L. Melior (Chairman)	241	Ledo	11.25	100	0.75	0.50	NH		1
9.00	11.05	2.29K		0.25	M. D. C. Kothari (Chairman)	158	Methola	185.00	10	5.00	10.00	0.50		1
9.00	9.27	53.86	12.64	0.02	J. F. Brerley (Chairman)	208	Murphaland	9.00	0.10	1.50	0.75	0.75		1
8.00	19.45	45.94	14.82	0.04	S. L. Dhanuka (Chairman)	236	Naga Hills Tea Co. Ltd.	11.25	P.O.10	2.00	1.15	1.15		1
7.00	10.88	80.92	10.48	0.20	D. K. Sen (Chairman)	262	New Cinnatollah	10.00	120	1.50	0.15	0.15		1
6.00	6.22	84.21	12.46	0.01	L. R. Puri (Chairman)	323	Rajgarh	10.25	10	1.00	NH	15.50	1.00	1
18.00	1.79	64.63	22.09	0.04	M. D. C. Kothari (Chairman)	549	Sapoi	7.12	10			1.50		1
6.96	6.71	15.51	10.43	0.11	M. D. C. Kothari (Chairman)	519	Seajuli	12.50	10	1.50	NH	0.40	0.40	1
17.00	4.38	14.17	17.30	0.08	M. D. C. Kothari (Chairman)	230	Teledan	8.19	10	0.40	1.00	1.00		1
10.00	10.22	29.08	10.28	0.01	S. B. Datta (Chairman)	279	Tengpani	44.00K	15	1.50	NH	1.50		1
19.88	83.84	58.27	39.07	0.04	M. D. C. Kothari (Chairman)	974	Tespore	12.80	50	1.50	0.50	0.50		1
8.30	86.58		32.60	-1.58	M. D. C. Kothari (Chairman)	471	Tycoon	15.50	10	0.50	NH			1

NORTH INDIAN TEA ESTATES—(Continued)

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Acreage under Cultivation	Company	Latest available Quotation	Paid-up per Share	Dividend per Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward						1967	1968	1969	1970	
Rs.	Rs.	Rs.	Rs.	Rs.				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
GACHAR														
8.00	0.01	10.07	8.50	0.12	M.	349H	Arouttipore	11.37	10	Nd	Nd	Nd		11
12.00	13.08	89.09	17.63	0.04	M.	985H	Hattikbira	0.81	10	Nd	Nd	Nd		12
2.40	6.46	18.02	8.72	0.14	M.	255H	Roopacherra	4.87	10	1.00	Nd	Nd		12
10.50	18.05	29.81	10.56	0.07	N. K. Kejriwal (Chairman)	302H	Rungamtee	8.00	10	1.25	0.50	0.50		8
DARJEELING														
2.40	8.48	29.99	2.47	0.18	M.	483H	Champong	5.50	10					12
5.75	4.88	19.35	10.04	0.03	M.	400H	Darjeeling Tea & Chinshen	90.00	100					12
4.77	1.70	10.75	4.80	0.04	J. F. Brierley (Chairman)	187H	Mim	148.00	100	13.00	Nd	7.50		12
8.99	14.85	38.52	14.80	0.04	Williamson Magor & Co., Ltd.	283H	Nagari Farm	10.62	10	1.30	1.25	Nd		12
8.00	1.07	8.01	8.44	0.09	M.	194H	Pooibong	9.94	10	Nd	Nd	Nd		12
4.20	5.07	9.47	5.75	0.08	M.	148H	Rungles Runglet	55.00	100	17.50	7.50			12
6.00	5.31	18.17	7.45	0.19	Williamson Magor & Co., Ltd.	324H	Scout	18.00	10	1.75	1.00			12
15.53	8.56	23.59	10.53	0.18	M.	298H	Sungma	7.50	10	2.00	0.80			12
DOOARS														
63.50	63.07	264.20	120.27	0.05	Bhaaker Miller (Chairman)	2,047H	Banarhat	89.00	100	20.00	5.00	Nd		12
9.00	24.58	45.57	23.88	0.15	M.	476H	Bhatkawa	4.75	10	Nd	0.60			12
47.62	92.86	178.80	74.74	0.11	A. F. Macdonald (Chairman)	1,758	Birpara	92.50	100	12.00	5.00	5.00		12
6.00	12.70	21.19	7.91	0.25	M.	258H	Carron	205.00	100	10.00				12
6.00	8.90	18.97	9.19	1.09	B. P. Agarwala (Mg. Director)	197H	Ellenbarrie	90.00	100	10.00	Nd	Nd		12
10.50	6.90	35.27	20.43	2.56	S. B. Datta (Chairman)	490H	Garkhata	7.75	10	2.00	0.55	Nd		12
10.50	15.57	56.27	25.99	0.26	M.	1,452	Haldihari	5.58	10					12
7.00	4.28	14.33	7.27	1.40	M.	246H	Jaybirpara (Doors)	8.31	10					12
81.32	65.53	115.55	49.22	0.05	A. F. Macdonald (Chairman)	1,200	Kilcott	9.06	10	1.40	1.25	0.50		12
2.00	6.14	21.55	8.43	0.25	M.	247H	Manabbarrie	15.00N	10					12
2.50	4.38	6.86	2.72	0.01	C. L. Chamarla (Mg. Director)	120H	Phakowa	119.00	100	7.50	5.00	Nd		12
6.00	10.02	25.18	12.14	2.24	M.	246H	Rajabhat	3.62	10	Nd				12
7.55	1.43	45.62	25.59	1.48	M.	654H	Ranicherra	2.81	10	Nd	Nd			12
74.86	61.29	183.60	67.38	0.24	M.	768H	Rydak	8.37	10	1.50	0.75	0.50		12
8.46	10.74	26.64	11.46		M.	307H	Sarugaon Tea Co., Ltd.	11.00N	10					12
SYLHET														
6.00	21.94	14.48	5.28	4.78	M.	245B	Dauracherra	5.75	10		Nd	Nd		12
5.80	12.34	1.60(a)		11.01	M.	1,108	New Samanbag	8.00	10					12
6.00	180.02	92.06	36.64	0.14	M.	1,779H	Patrakola	45.00	100					12
9.00	34.71	30.72	11.71	8.82	M.	505H	Telapara	49.00	100					12
TERAI														
5.00	7.95	8.03	4.56	0.21	M.	258H	Belgachi	10.00	10.00					12
13.44	22.02	68.88	25.79	0.13	A. F. Macdonald (Chairman)	806H	Gungarann	65.00	10.00	10.00	Nd	Nd		12
8.00	11.59	15.35	7.37	0.14	M.	814	New Ghumta	8.12	2.50					12
2.20	17.60	25.43	14.55	0.19	R. C. Mehta (Secretary)	346H	Tirrihanah	44.00N	10.00	5.00	5.00	2.00		12

H—Area in Hectares.

XB—Ex-Bonus.

MISCELLANEOUS COMPANIES

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward					1967	1968	1969	1970	
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
CEMENT													
74.58	45.89	322.74	171.86	0.05	V. M. Rao (Chairman)	Andhra Cement Co.	10.75	10	1.00	1.00		1.25†	8
59.91	25.27	257.57	149.06		A. K. Jain (Chairman)	Ashoka Cement Ltd.	7.24	10	1.00	0.70	0.80	0.80	8
28,47.75	17,32.26	100,54.59	49,51.19	0.08	N. A. Paikhlvala (Chairman)	Associated Cement Companies	138.25	100	12.00	12.00	12.00	12.00	7
99.93	53.89	325.59	161.96		Alok P. Jain (Chairman)	Rajakot Cement Co., Ltd.	15.00	10	1.00	1.00	1.00	1.25	8
286.94	288.13	554.57	320.71		Jaidyal Dalmia (Chairman)	Dalmia Cement (Bharat)	14.64	10	1.25	1.25	1.25		12
490.00	307.34	20,96.32	660.20		M.	India Cements Ltd.	5.64	5	0.45	0.45	0.45	0.45	8
800.00	182.45	11,38.29	677.20		Alok P. Jain (Chairman)	Jaipur Udyog Ltd.	9.52	10	1.00	1.00	1.00	1.00	8
90.00	67.85	282.62	95.01	0.02	M.	Madras Cements	115.00	100	10.00	10.00	10.00		8
179.98	89.36	817.25	188.75	0.70	G. D. Birla (Chairman)	Myore Cements Ltd.	75.75	10	0.75	0.75	1.00		8
270.00	301.74	864.92	572.80		Jaidyal Dalmia (Chairman)	Orissa Cement Ltd.	18.00	10	1.10	1.10	1.25		12
125.00	117.08	658.27	227.08	0.08	T. S. Sundaram (Chairman)	Panyam Cements & Mineral Industries	118.00	100	12.00	12.00	12.00	12.00	8
140.00	872.05	688.28	237.00	0.13	K. N. Mehta (Chairman)	Saurashtra Cement & Chemical Ind.	176.25	100	12.00	12.00	10.00	12.00	6
249.38	320.00	11,10.85	519.20	0.09	Gobindlal Bangur (Chairman)	Shree Digvijay Cement	149.00	100	12.00	6.00	9.00		12
75.00	198.18	445.85	202.59	25.87	S. P. Jain (Chairman)	Sone Valley Portland Cement	2.06	5	Nd	Nd			12
50.00	10.85	141.38	103.40	0.18	M.	Tanvancore Cements Ltd.	6.00	10	Nd	Nd			12
CERAMIC MINING AND QUARRYING													
22.20	21.59	55.63	27.33	0.01	B. C. Shah (Chairman)	Associated Stone Industries (Kotah) Ltd	15.76	10	2.00	Nd	2.00	2.00	9
50.00	45.97	251.91	127.87		M.	Hera Stone Lime Co.	13.75N	10	Nd	1.25	1.50	1.50	9
51.27	30.85	68.77	86.78		Smt. K. Motichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	62.00	100	18.00	7.00			9
115.00	127.88	771.57	185.02	130.54	R. Roy (Chairman)	Ferro Alloys Corporation Ltd.	93.50	100	Nd	Nd	Nd		12
808.19	16,45.27	51,45.04	15,84.69		G. D. Birla (Chairman)	Hindustan Aluminium Corpn.	89.00	10	1.00	1.00	1.00		12
225.71	233.45	274.06	225.89		G. D. Kothari (Chairman)	Indian Copper Corporation	4.12	Sh. 2	8.889%	8.889%	8.889%		12
100.00	55.34	631.28	183.38	4.88	S. P. Sinha (Mg. Director)	Kalyanpur Lime & Cement Works	11.56	10.00	0.80	0.60	0.80		12
0.15 (a)	7.23	8.58	5.88		M.	Karanpura Development	7.69	10	Nd	Nd	0.50		12
124.17	125.24	309.74	94.61	0.13	Mr. A. Ramaswami Mudaliar (Chairman)	Khandvelai Ferro Alloys Ltd.	158.00	100	Nd	8.00	12.00		12
50.00	53.44	243.33	157.08		M.	Kumardhul Fireclay and Silica Works	18.75N	10	Nd	Nd	Nd		12
8.24	3.16	19.35	15.16	0.13	S. Gannapathi Sundaram (Chairman)	Myore Stoneware Pipes & Potteries	7.45	10	1.00	0.80	0.80	0.80	8
60.00	43.90	100.65	61.05		J. N. Bhatia (Secretary)	Orissa Minerals Dev.	11.55	10	0.50	0.50	1.00	1.25	6
21.00	24.52	161.00	97.97		R. P. Jassani (Chairman)	Parbhuram Pottery Works Co., Ltd.	24.75	25	4.50	2.25	2.25	2.25	7
20.23	7.71	45.33	26.05	0.05	H. J. Macqueen (Chairman)	Shivrajpur Syndicate	7.52	10	Nd	Nd	Nd		12
					S. N. Beri (Secretary)	Sitna Stone & Lime Co., Ltd.	15.12	10	0.50	1.50	1.50		12

* Includes bonus. M—Managed by Board of Directors. XB—Ex-bonus.

XB—Ex-right.

XD—Ex-dividend.

OD—Oum-dividend.

CB—Oum-right.

N.B.—Dividends are shown as taxable. † For 15 months ended 31st March 1970.

MISCELLANEOUS COMPANIES—(Continued)

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Divided per Share					Account Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward					1967	1968	1969	1970		
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
CHEMICAL														
229.95	185.38	697.50	354.97	0.19	Ramanbhai B. Amin (Chairman)	Alemble Chemical Works Co.	163.75	100	12.00	12.00	12.00		12	
434.00	207.01	1,503.59	897.02	0.01	A. W. Hamer (Chairman)	Alkali and Chem. Corp. of India	39.00	10	1.80	0.60	1.00		9	
181.97	111.39	523.37	330.03	0.04	A. K. Doshi (Chairman)	Amar Dye Chem. Ltd.	241.25	100	6.00	10.00	10.00		12	
74.70	55.81	460.51	234.18		Kasturbhai Lalbhai (Chairman)	Anil Starch Products Ltd.	247.50	100	N/A	20.00	20.00		12	
41.03	15.87	92.06	32.46		L. G. Bhole (Chairman)	Arbala Ltd.	80.00	100	N/A	6.00			6	
409.38	211.22	10,61.81	817.91		Kasturbhai Lalbhai (Chairman)	Atul Products Ltd.	321.50	100	N/A	12.00	14.00		12	
52.50	16.74	105.20	45.07	119.29	R. B. Rula (Chairman)	BASF India Ltd.	16.75	10	1.00	0.60	0.50	N/A	6	
800.00	120.92	666.25	150.93	-123.03	B. M. Ghia (Chairman)	Bayer (India) Ltd.	260.00	100	N/A	N/A	N/A		12	
75.00	62.78	115.06	44.04	0.05	N. S. Phatarpekar (Chairman)	Boots Pure Drug Co. (India)	25.00	10	2.20	2.20	1.60	1.80	12	
426.00	105.90	630.11	249.55		A. W. Hamer (Chairman)	Chemicals & Fibres of India Ltd.	48.75	10	2.75	2.75	2.75	2.75	9	
375.00	125.49	379.08	162.31	0.02	B. M. Ghia (Chairman)	Colour-Chem. Ltd.	290.00	100	12.00	12.00	12.00	12.00	3	
958.50	85.25	443.12	937.39	-451.80	Bharat Ram (Chairman)	Coromandel Fertilisers Ltd.	15.08	10	N/A	N/A	N/A		12	
127.46	178.05	467.88	262.90		P. R. Morari (Chairman)	Dharamsi Morari Chemical Co., Ltd.	157.50	50	10.00	10.00	10.00		12	
171.77	257.44	11,70.88	625.35	0.26	P. R. Jain (Chairman)	Dharamsi Chemicals	140.50	100	12.00	12.00	12.00	10.00	3	
15,02.98	19.00	28,29.51	998.56	-174.31	M. K. K. Nayar (Managing Director)	F. A. C. T.	6.00	75	N/A	N/A	N/A		6	
718.47	547.24	907.45	835.16	0.14	Ian MacKinnon (Chairman)	Glaxo Laboratories (India) Ltd.	23.75	10	2.75	2.75	1.40	1.40	6	
899.76	81.13	58,04.92	11,43.49	0.07	M	Gujarat State Fertiliser Co. Ltd.	316.25	100	N/A	N/A	N/A	8.00	3	
397.92	4.17	62.55	2.14	0.09	Kasturbhai Lalbhai (Chairman)	Hindustan Polymers Ltd.	71.00	100	N/A	N/A	N/A		12	
250.00	265.00	49,77.17	404.97		Arvind N. Mafatlal (Chairman)	Indian Dyestuffs Industries Ltd.	842.00	100	15.00	N/A	14.00	14.00	3	
21,41.18	860.06	11,76.24	565.28	0.01	A. W. Hamer (Chairman)	Indian Explosives Ltd.	27.50	100	1.50	1.50	1.50		6	
36.13	88.16	298.56	180.04		G. K. Singhanis (Chairman)	J. K. Chemicals Ltd.	288.75	100	10.00	10.00	12.00		6	
250.00	84.47	838.14	884.92	0.25	P. S. Lokanathan (Chairman)	Mettur Chemicals	12.30	10	N/A	N/A	0.40	1.00	3	
24.81	10.60	88.61	51.49	-49.10	P. R. Lokanathan (Chairman)	Mysore Chemical and Fertiliser	5.75	10	N/A	N/A	N/A	N/A	3	
15.00	10.10	25.60	11.42	0.05	S. Ramanathan (Managing Director)	Mysore Chemicals Manufacturers Ltd.	1.50	100	1.00	1.00	1.00		12	
120.00	0.29	47,29.01	568.03	-472.83	Arvind N. Mafatlal (Chairman)	National Organic Chemical Ind.	242.00	100	N/A	N/A	N/A		3	
120.00	86.08	488.94	306.03	0.11	Ramdas Kilchand (Chairman)	Polychem Ltd.	180.00	50	8.00	8.00	8.00	9.00	12	
49.94	0.08	70.97	84.55	-15.25	M	Premier Fertilisers Ltd.	4.10	10	0.60	N/A	N/A		3	
43.81	26.01	108.53	69.89	1.19	H. D. Bangori (Chairman)	Phosphate Co. Ltd.	92.00	100	18.00	18.00	10.00	5.00	6	
420.03	47.90	11,74.64	181.29	-152.25	Arvind N. Mafatlal (Chairman)	Polyethene Industries Ltd.	255.00	100	N/A	N/A	N/A		12	
308.81	631.17	634.29	137.52	0.05	J. S. Baker (Chairman)	Piper Ltd.	39.00	10	2.75	2.17	2.40		6	
60.00	47.88	159.71	39.08		S. C. Banta (Managing Director)	Richardson Hindustan Ltd.	34.10	10	N/A	1.00	1.00		12	
150.00	74.85	450.44	185.05		N. R. Pillai (Chairman)	Sandoo (India) Ltd.	21.24	10	0.90	1.00	1.00		11	
80.00	18.70	15.62	29.86	0.03	B. P. Sinha (Chairman)	Synth Stanstead & Co.	4.50	5	0.90	0.75	0.75	0.50	6	
158.68	42.01	166.28	79.36	0.01	Tulsiidas Kilchand (Chairman)	Synthetics & Chemicals Ltd.	187.00	100	N/A	N/A	6.00		12	
432.36	358.95	14,68.14	782.37	0.01	J. R. D. Tata (Chairman)	Tata Chemicals	29.50	10	1.70	1.70	1.50	1.50	6	
80.00	29.59	64.16	86.43	0.05	S. K. Karayalar (Chairman)	Travancore Chemical Mfg. Co. Ltd.	23.25	10	2.50	2.50	2.50		3	
34.70	0.89	89.58	21.74	-5.56	G. D. Romani (Chairman)	Travancore Electro-Chemical Ind.	108.00	100	N/A	N/A	N/A		12	
30.00	83.82	61.08	18.32		S. S. Iyengar (Chairman)	Travancore Electro-Chemical Ind.	275.00	100	20.00	18.00	18.00	10.00	12	
54.00	61.75	122.34	43.59		A. V. Mody (Chairman)	Union Carbide Laboratories Ltd.	138.00	100	11.00	10.00	10.00	10.00	9	
ELECTRIC (Bombay)														
874.77	448.50	30,76.56	11,41.91		Ahmedabad Electricity Co. Ltd.		108.75	100	9.00	9.00	9.00	12.00	3	
104.12	103.44	460.48	143.58	20.02	N. C. Javeri (Chairman)	Amalgamated Electricity Co. Ltd.	10.08	10	1.00	1.00	1.00	1.00	3	
338.05	849.28	20,61.29	638.68	0.06	N. H. Tata (Chairman)	Andhra Valley Power Supply Co.	157.50	100	12.00	12.00	12.00	12.00	3	
238.65	47.97	16,22.90	348.65	0.10	P. S. Aiyer (Chairman)	Bombay Suburban Electric Supply	121.00	100	10.00	11.00	11.00	1.00	3	
70.00	118.90	11,74.64	127.18	0.11	P. S. Aiyer (Chairman)	Bombay Suburban Electric Supply	121.00	100	10.00	11.00	12.00	12.00	3	
284.00	827.12	15,78.40	450.02	0.06	N. H. Tata (Chairman)	Tata Hydro-Electric Power Supply	162.50	100	12.00	12.00	12.00	12.00	3	
566.90	879.53	36,17.38	958.41	0.05	N. H. Tata (Chairman)	Tata Power Co.	157.50	100	12.00	12.00	12.00	12.00	3	
West Bengal and Other Centres														
30.00	61.06	466.87	110.08		S. Gupta (Chairman)	Agra Electric Supply Co. Ltd.	136.00	100	6.00	10.00	10.00	10.00	3	
8.00	21.99	110.82	47.02		S. Gupta (Chairman)	Bareilly Electric Supply	19.12	10	1.00	0.60	1.00	1.00	3	
17.00	46.69	298.81	107.07		S. Gupta (Chairman)	Benares Electric Light & Power Co.	15.00	10	0.60	0.60	N/A	0.80	3	
242.68	104.40	422.09	110.02	1.01	K. A. Mashphiran (Chairman)	Calcutta Electric Supply	17.08	10	0.90	0.90	0.90	1.80	3	
342.00	98.49	334.35	105.66	0.01	K. A. P. Viswanathan (Chairman)	Suburban Electric Supply	11.40	10	1.25	1.30	1.10	1.15	3	
12.50	42.69	120.42	39.30	0.20	V. M. R. Mudaliar (Chairman)	Vellore Electric Corporation	16.75	10	1.50	1.50	2.00	1.50	3	
ENGINEERING (Bombay)														
88.49	10.81	160.12	106.20	80.14	A. K. Roy (Chairman)	Alcock Ashdown & Co. Ltd.	50.00	100	5.00	5.00	N/A		12	
400.00	273.46	694.35	280.96		A. Hydari (Chairman)	Associated Bearing Co. Ltd.	303.00	100	N/A	N/A	10.00	12.50	12	
155.00	174.07	944.03	127.43	-55.08	S. L. Kirooskar (Chairman)	Bharat Forge Co. Ltd.	171.00	100	N/A	N/A	N/A	N/A	6	
134.90	185.40	463.93	91.95	0.26	Hanung Singh (Managing Director)	Blue Star Tubes Ltd.	29.60	10	N/A	N/A	1.00		12	
56.00	18.92	41.09	18.54	0.05	Mohan T. Advani (Chairman)	Blue Star Ltd.	11.00	10	1.20	1.20	1.20		12	
84.37	7.23	87.88	21.87		G. D. Morarka (Chairman)	Brady & Morris Eng. Co. Ltd.	60.50	100	6.00	7.50	6.00		12	
162.72	85.36	464.55	204.65	-18.88	Ratanchand Hirachand (Chairman)	Cooper Engineering Ltd.	66.00	100	12.00	10.00	10.00	N/A	6	
240.00	59.10	395.61	144.85	0.65	C. C. Chokshi (Chairman)	Hindustan Brown Boveri	100.00	100	6.00	N/A	N/A	N/A	12	
97.80	62.29	39.58	66.05	0.11	A. K. D. Datta (Chairman)	Hindustan Brown Boveri	10.00	10	1.00	1.00	1.00		3	
52.50	16.74	165.26	45.97		Lalchand Hirachand (Chairman)	Indian Hume Pipe Co. Ltd.	87.00	100	10.00	10.00	10.00	10.00	6	
213.00	129.97	603.10	120.83		Keshub Mahindra (Chairman)	International Tractor Co. of India Ltd.	17.52	10	N/A	0.60	1.00	1.00	3	
76.00	42.61	198.84	89.47	0.06	Nanubhai B. Amin (Chairman)	Jyoti Ltd.	128.25	100	12.00	12.00	12.00		12	
32.41	68.20	378.79	106.86	0.06	P. R. Kanani (Chairman)	Kanani Engineering Corporation	1.20	10	1.20	0.60	0.90		7	
121.71	204.80	889.74	215.37	0.08	S. L. Kirooskar (Chairman)	Kirooskar Bros. Ltd.	62.00	25	2.25	2.25	3.00		7	
149.85	103.76	277.11	143.39		S. L. Kirooskar (Chairman)	Kirooskar Communia	176.00	100	N/A	4.00	6.00	8.00	9	
118.90	290.97	535.10	268.49	0.05	N. W. Gurjar (Chairman)	Kirooskar Electric Co. Ltd.	21.75	10	1.25	1.25	1.00	1.00	6	
402.60	336.28	985.45	360.47		S. L. Kirooskar (Chairman)	Kirooskar Oil Engines, Ltd.	17.32	10	1.60	1.60	1.60	1.00	3	
139.45	91.17	411.45	144.85	0.03	S. L. Kirooskar (Chairman)	Kirooskar Presses & Co. Ltd.	24.00	10	N/A	1.25	1.50	1.50	3	
399.30	289.58	10,03.47	288.95		H. Holck-Larsen (Chairman)	Larsen & Toubro Ltd.	24.20	10	1.50	1.50	1.00	1.00	3	
60.24	19.08	326.28	177.30	-67.92	Keshub Mahindra (Chairman)	Machinery Mfrs. Corp., Ltd.	7.62	10	N/A	N/A	N/A	N/A	3	
316.80	211.09	620.20	210.36	0.13	Keshub Mahindra (Chairman)	Mahindra & Mahindra Ltd.	15.88	10	1.00	1.00	1.10	1.10	10	
127.41	7.15	76.78	47.28		P. J. Jhunjhunwala (Managing Director)	McKenzie	82.00	100	21.00	N/A	0.60	1.20	7	
209.10	180.34	16,08.02	335.20		Kamalayan Bajaj (Chairman)	McKenzie & Son & Steel	15.02	10	1.20	N/A				

MISCELLANEOUS COMPANIES—(Continued)

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward					1967	1968	1969	1970	
Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
INSURANCE (X)													
18.50	140.05	344.19	146.18	0.16	C. B. Loxley (Managing Director)	Concord of India	12.87	5	0.75	1.00	1.09		12
54.00	140.13	341.56	140.13	0.02	H. V. R. Iengar (Chairman)	Hercules Insurance	22.12	15	2.25	2.70	3.15		12
29.61	102.07	224.87	113.80†	0.12	K. M. D. Thackersey (Chairman)	Indian Mercantile Insurance	75.00	50	9.50	9.50	11.00		12
50.00	148.93	419.28	204.57†	0.05	Tulsidas Kilaschand (Chairman)	New Great Insurance	39.25	20	4.50*	4.50			12
594.24	851.85	47,54.61	24,00.47†	0.08	J. D. Chokshi (Chairman)	New India Assurance Co., Ltd.	45.50	15	6.00	6.00	6.00		12
70.00	258.58	856.02	528.13†	0.08	K. P. Modi (Managing Director)	Ruby General Insurance Co., Ltd.	17.12	10	1.25	1.25			12
23.00	91.34	212.38	100.77†		D. R. Jha (Secretary)	Triton Insurance	143.00	100	12.50	12.50	17.50		12
16.66	61.80	161.94		0.01	Jaykrishna Harivalsabdas (Chairman)	Vulcan Insurance Co., Ltd.	15.12	10	2.00	2.00	2.00		12
OIL													
100.00	172.53	178.55	90.53	0.31	Kamaljit Singh (Chairman)	Indo-Burma Petroleum Co., Ltd.	15.12	10	1.50	1.50	1.25		12
194.51	206.75	941.17	412.32	0.11	J. B. D. Tata (Chairman)	Tata Oil Mills	75.50	25	3.75	4.25	4.75	4.50	3
6.30	17.18	7.87	3.29	0.20	M.	Tide Water Oil Co. (India) Ltd.	25.00	10	2.25	1.50	1.50		12
PAPER													
55.95	45.42	343.63	142.87	0.06	M.	Anil Hardboard Ltd.	72.50	100	N/A	6.00	6.00		3
160.54	415.85	12,99.34	588.31	0.05	M.	Balaram Paper and Straw Board Mills	41.25	10	1.25	1.25	1.25		6
125.57	185.70	914.42	496.95	0.01	N. D. Bangur (Chairman)	Bengal Paper Mills	17.06	10	0.75	0.37	1.00		12
123.48	12.62	467.62	307.76	0.12	G. Mitter (Chairman)	India Paper Pulp	6.12	10	N/A	N/A	N/A	N/A	3
24.90	12.28	51.81	24.31		R. T. Popawala (Chairman)	Jayant Paper Mills Ltd.	145.00	100	9.50	6.00			3
123.97	98.08	552.45	275.77		S. P. Mallapa (Chairman)	Mayore Paper Mills	18.12	10	N/A	N/A	N/A	N/A	3
400.22	65.79	11,53.45	481.30	82.12	Hari Singh (Chairman)	National Newsprint & Paper Mills Ltd.	3.50	10	0.60	0.40	N/A	N/A	3
851.75	10,24.10	84,97.54	14,74.95	1.20	G. P. Hira (Chairman)	Orient Paper	39.00	10	1.00	1.00	1.00	1.00	3
72.00	48.71	238.68	77.00		Sardari Lal Talwar (Chairman)	Paper Products Ltd.	150.00	100	N/A	12.00	N/A		7
30.00	7.60	115.17	30.07	0.06	H. V. Gandhi (Chairman)	Rohit Pulp & Paper Mills Ltd.	116.00	100	N/A	N/A	N/A	8.00	3
349.79	87.57	103.86	277.54	16.88	S. Narayanasawmy (Chairman)	Sahasraayee Paper & Boards Ltd.	14.20	10	N/A	N/A	N/A	N/A	3
273.19	64.26	743.55	401.29	0.64	M.	Sirpur Paper Mills	12.88	10	0.80	N/A	N/A	N/A	6
150.65	845.60	890.56	317.95		Nand Kishore Bajaria (Chairman)	Star Paper Mills	9.00	O. 10	N/A	N/A	N/A	N/A	3
55.05	115.46	12,09.84	880.34	0.05	Padampat Singhania (Chairman)	Straw Products Ltd.	21.62	10	0.75	1.00	1.20		12
4.38					Kanak Ghosh (Secretary)		6.69	A. 10	N/A	N/A	N/A	0.25	3
							2.75	R. 10	N/A	N/A	N/A	0.25	3
								P.O. 2†	0.325	0.325	0.325	0.325	
239.00	160.03	753.80	485.90	0.01	Gobindlal Bangur (Chairman)	West Coast Paper Mills Ltd.	217.00	100	10.50	10.50	12.00	13.00	6
SUGAR (U.P. and Bihar)													
14.00	20.29	58.97	40.50	0.06	M.	Balrampur Sugar	2.75	24	N/A	0.25	0.20		9
20.24	19.85	85.75	60.67	0.49	G. L. Bangur (Chairman)	Belund Sugar	8.75	74	0.75	1.00	1.00		9
22.50	16.81	57.39	19.47	0.08	M.	Bharat Sugar	10.50N	10	1.37	1.37			6
36.00	105.13	145.45	95.54		H. P. Bhagat (Chairman)	Carew & Co.	4.75	10	N/A	0.60	N/A	N/A	9
96.00	68.43	323.79	209.58	10.48	G. C. Bothra (Managing Director)	Cawnpore Sugar	6.22	10	N/A	N/A	N/A	N/A	10
11.00	11.94	11.94	11.94		Raja Ram (Secretary)	Chhapra Sugar	11.62	10	N/A	1.50	0.50	N/A	6
222.00	189.58	429.02	306.34	0.02	Kamalnarayan Baisa (Chairman)	Hindustan Sugar Mills	120.00	100	15.00	15.00	15.00	10.00	6
40.22	42.87	169.51	107.48	0.10	Tulsidas Kilaschand (Chairman)	Kesari Sugar	96.00	50	8.00	8.00	8.00		9
138.62	212.83	606.41	335.55	0.10	G. M. Modi (Chairman)	Modi Industries Ltd.	22.00	10	1.20	1.20	1.20	1.20	10
15.78	68.70	74.32	85.21	0.10	M.	New India Sugar Mills	18.00	10	1.85	1.85			6
40.77	96.91	100.11	42.90		M.	New Swadeshi Sugar Mills	105.00	100	12.00	12.00			7
77.48	210.87	872.40	181.06	0.15	M.	Outh Sugar	105.00	100	20.00	22.00	22.00		8
20.00	14.43	58.24	32.04		V. H. Dalmia (Chairman)	Rampur Distillery & Chemical Co., Ltd.	9.12	10	0.90	0.75	0.50		7
65.00	5.70	216.06	107.10	0.20	V. H. Dalmia (Chairman)	Raza Ruland Sugar Co., Ltd.	1.37	10	N/A	N/A	N/A	N/A	10
40.00	15.38	329.15	166.88	0.15	M.	Shree Krishna Gyanodaya Sugar	3.94	10	0.50	0.50	N/A		7
72.00	141.24	345.36	155.05		S. N. Gupta (Secretary)	Upper Ganges Sugar	10.00	10	0.81	1.00	1.00		6
24.00	21.56	64.72	54.50			United Province Sugar	6.00	10	1.00				9
Other Centres													
161.97	76.10	679.59	317.53	0.19	M. Thimmaraju (Chairman)	Andhra Sugars Ltd.	9.05	10	1.20	1.20	1.20	0.00	9
40.99	103.26	258.59	167.64		G. D. Morarka (Chairman)	Belapur Company	85.00	50	7.00	11.00	11.00		9
17.50	4.71	78.16	49.92	17.98	J. P. Patel (Chairman)	Bhopal Sugar Industries Ltd.	7.52	10	N/A	N/A	N/A	N/A	9
40.00	5.86	127.94	77.85	16.66	H. V. R. Iengar (Chairman)	Chauri Sugars & Chemicals Ltd.	94.00	100	7.00	8.50	9.00		6
64.05	33.41	217.80	74.82	0.01	Y. Ankineedu Prasad (Chairman)	Chhapanalli Sugars Ltd.	5.00	10	N/A	1.00	1.00		5
69.72	62.06	295.04	151.66	0.01	H. V. R. Iengar (Chairman)	Deccan Sugar & Abkari	4.08	5	0.60	0.675	0.75		6
181.41	238.35	589.61	444.92	20.03	H. V. R. Iengar (Chairman)	E. I. D. Parry Ltd.	14.24	10	7.75%	10%	6%		9
15.64	11.25	103.61	49.22	3.75	Rajeshwari Patel (Chairman)	Gwalior Sugar	20.00	10	N/A	N/A	N/A	N/A	6
63.98	88.41	467.14	190.37	0.14	P. R. Ramakrishnan (Chairman)	Indra Sugar and Refineries	8.00	10	0.75	1.50	N/A	N/A	9
36.57	88.41	467.14	190.37	0.14	P. R. Ramakrishnan (Chairman)	Jaypore Sugar	14.25	10	1.00	1.00	1.20		6
234.09	229.98	11,43.62	661.35	0.05	V. M. Rao (Chairman)	K. C. P. Ltd.	10.30	10	1.00	1.50	1.00	1.00	6
17.00	5.06	111.22	74.86	0.05	V. M. Rao (Chairman)	Kirlandpur Sugar Mills Ltd.	62.00	100	N/A	N/A	N/A	N/A	6
60.00	28.95	239.94	84.61	24.10	D. C. Kothari (Chairman)	Kothari Sugars & Chem.	5.90	10	0.90	1.20	N/A	N/A	6
20.00	13.46	84.37	24.64	0.03	P. T. Rajan (Chairman)	Melina Sugars Ltd.	7.50	10	0.90	1.20	1.20		7
94.50	92.47	278.00	151.26	0.05	D. M. Bhanu (Chairman)	Maharashtra Sugar Mills	100.00	50	11.00	11.00	12.00*	12.00	9
64.10	176.28	441.12	225.48	0.67	G. Made Gowda (Chairman)	Mysore Sugar	22.25	10	N/A	N/A	2.00	12.00	9
110.08	288.35	550.08	304.10	0.68	L. V. Apte (Chairman)	Nizam Sugar Factory Ltd.	30.00	25	N/A	1.50	3.00	2.50	9
50.00	104.09	199.96	111.89	0.16	L. V. Apte (Chairman)	Phaltan Sugar	75.50	80	10.00	12.00*	10.00		9
83.20	49.97	111.72	80.60	1.98	B. P. Kedla (Chairman)	Ramnagar, Cane and Sugar	8.00	10	0.80	2.00	1.00		8
80.00	86.90	177.47	123.84		Govindji Raoji (Chairman)	Ravalegaon Sugar Farm	51.50	O. 60	6.00	6.00	6.00	6.00	9
4.00	70.50	272.14	92.55	0.25	S. B. P. V. C. Rao (Managing Director)	Sri Saravaya Sugars Ltd.	35.00	D. 60	3.50	3.50	3.50	3.50	9
40.00	9.64	88.69	55.20	0.01		Travancore Sugars	7.18	10	1.20	1.20	1.20	0.60	4
161.80	110.85	698.23	321.95	0.77	Lalchand Hirschand (Chairman)	Walchandnagar Industries	5.00	10	0.80				9
UNCLASSIFIED (Bombay)													
201.47	22.30	347.74	65.08	8.55	K. P. Goenka (Chairman)	Asian Cables Corporation Ltd.	85.00	100	N/A	N/A	N/A	N/A	5
36.00	22.30	77.71	23.80	0.04	Y. Najmuddin (Chairman)	Asian Electronics Ltd.	247.50	100	7.00	10.00	10.00	10.00	3
55.50	108.91	554.19	186.00		M. A. Chidambaram (Chairman)	Automobile Products	13.12	10	0.60	1.00	1.00	1.00	7
104.35	150.54	876.38	208.17		Kamalnarayan Baisa (Chairman)	Bajaj Auto	215.00	100	10.00	10.00	10.00	15.00	3
75.00	12.48	25.01	15.70		V. F. Khandekar (Chairman)	Bajaj Electricals	10.00	100	10.00	10.00	10.00	8.00	3
78.91	101.16	250.31	68.54		W. F. Khandekar (Chairman)	Bajaj Tempo	18.24	10	N/A	0.50	0.50	1.00	9
60.00	27.83	255.01	64.52		P. R. Ramakrishnan (Chairman)	Bharat Biffes	108.50	100	7.00	8.00	N/A	N/A	6
55.00	58.88	104.81	35.31		E. B. Olvest (Chairman)	Blindfold Emotte Paints Ltd.	13.36	10	0.25	0.50	1.00	1.00	6
147.90	18.67	214.86	36.87	10.65	S. R. Lele (Chairman)	Borosi Glass Works Ltd.	7.00	10	N/A				12
307.81	208.72	541.59	237.89	0.19	Prasanna Mathuradas Vasanji (Chairman)	Bombay-Burmah Trading Corp.	46.00	25	3.60	3.60	3.80	8.75	5
149.45	15.10	157.53	30.00		M. R. Rula (Chairman)	Bombay Oxygen Corp. Ltd.	93.00	100	6.00	6.00	8.00		12
90.00	61.15	154.32	43.21	0.02	Dalal & Jhaveri Private								

MISCELLANEOUS COMPANIES—(Continued)

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward					1967	1968	1969	1970	
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
UNCLASSIFIED (Bombay)													
81.07	13.88	187.22	130.55	3.82	B. D. Birla (Chairman)	Hind Cycles	60.00	100	10.00	N/A	6.00		1
11.55.63	778.25	17,09.80	879.05		V. G. Rajadhyaksha (Chairman)	Hindustan Lever	23.88	10	1.40	1.40	1.40		2
248.29	167.82	299.00	84.27		H. D. S. Hardie (Chairman)	Hindustan-Ferodo Ltd.	87.75	10	2.00	2.00	2.25	2.25	3
150.00	110.27	807.37	83.15	0.01	C. O. Desai (Chairman)	Indo On Detonators Ltd.	25.50	10	1.00	1.00	1.20	1.20	4
29.04	28.16	61.15	41.85	0.01	P. H. Kemple (Chairman)	Indian Vegetable Products Ltd.	186.25	100	18.00	15.00*	16.00*	17.00	5
750.00	748.47	81.76	29,62.56†		G. L. Mehta (Chairman)	Industrial Credit & Investment Corp. of India Ltd.	117.00	100	9.00	9.00	9.00	10.00	11
99.90	21.28	0.89	128.25†		Kishore M. Premchand (Chairman)	Industrial Investment Trust	99.00	100	6.50	7.00	7.00		12
187.24	178.85	2.89	546.07†	0.08	J. D. Chokai (Chairman)	Investment Corp. of India Ltd.	118.00	100	9.50	9.50	9.50	9.25	13
50.00	10.16	223.16	77.87	48.17	P. R. Kamani (Chairman)	Jalpur Metals and Electricals Ltd.	55.00	100	N/A	N/A	N/A		14
124.85	85.47	144.87	256.26†	0.07	M. R. Gogte (Chairman)	Kilbuck Nixon	98.00	100	10.00	10.00	10.00	10.00	15
30.05	16.90	120.57	28.80		Bhaglal H. P. Patel (Chairman)	Laxmi Starch Factory Ltd.	84.00	100	10.00	10.00	N/A		16
59.94	41.58	74.85	41.48	0.05	Rashid J. Chinal (Chairman)	Mahendra Electricals Ltd.	119.00	100	7.50	7.50	9.00		17
375.00	587.48	10,88.84	470.17		Bhalaji O. Patel (Chairman)	Motor Industries Co., Ltd.	475.00	100	17.50	17.50	17.50		18
10.74	24.55	103.44	88.81	0.02	P. B. Advani (Chairman)	New India Fisheries Ltd.	110.00	100	12.00	N/A	12.00		19
99.74	104.12	272.04	150.20		B. M. Ghis (Chairman)	New India Industries Ltd.	388.75	100	18.00	15.00	15.00		20
27.50	5.70	60.00	19.64		M. R. Rula (Chairman)	Permanent Magneta Ltd.	105.00	100	9.00	9.00			21
86.00	17.84	87.47	49.94	0.02	M. P. Polson (Chairman)	Poison Ltd.	138.50	100	12.50	12.50	12.50		22
745.67	279.95	23,27.69	714.15	29.81	Lalchand Hirschand (Chairman)	Premier Automobiles	59.00	100	N/A	N/A	N/A		23
15.00	11.77	54.08	28.06		G. V. Purnani (Chairman)	Sathe Biscuit & Chocolate Co., Ltd.	105.00	100	9.00	9.00	10.00	10.00	24
149.80	78.08	858.48	147.61		C. S. Desai (Chairman)	Premier Tyres Ltd.	183.00	100	N/A	6.00	10.00	8.00	25
50.00	77.16	200.93	94.64	0.05	R. D. Char (Chairman)	Standard Batteries Ltd.	219.50	100	12.00	12.00	15.00		26
28.15	4.51	80.84	19.95	11.81	N. D. Shirur (Chairman)	Sundatta Foods & Fibres Ltd.	31.00	50	N/A	N/A	N/A		27
9.32	5.78	36.28	14.24	0.02	M. K. Choksey (Chairman)	Supreme Industries Ltd.	155.00	100	N/A	N/A	N/A	6.00	28
76.00	104.00	851.07	176.40	80.61	Felix Harrigan (Chairman)	Teletek India Ltd.	9.00	10	N/A	N/A	N/A		29
155.30	180.18	772.61	447.07	0.05	C. H. Bhabha (Chairman)	United Carbon India Ltd.	152.00	100	N/A	N/A	15.00	20.00	30
495.00	65.87	19.21	9.91		Akbar Hydar (Chairman)	Western India Match Co., Ltd.	152.00	100	11.00	11.00	12.00	12.00	31
90.00					G. D. Morarka (Chairman)	W. H. Brady & Co., Ltd.	150.00	150	11.00	15.00			32
UNCLASSIFIED (Other Centres)													
135.00	419.68	11,04.84	378.77		Padampat Singhania (Chairman)	Aluminium Corporation of India Ltd.	15.00	10	1.20	1.20	1.00	N/A	1
381.40	85.05	147.17	189.54	41.80	S. Narayanaswamy (Chairman)	Aluminium Industries Ltd.	7.00	10	1.20	0.60	N/A		2
81.23	10.88	87.05	15.20	0.01	K. N. Mookerjee (Chairman)	American Refrigerator Co., Ltd.	7.00	10	1.50	1.00	1.00		3
45.00	41.40	59.62	38.64	0.07	M.	Angelo Bros. Ltd.	6.81	10	1.60	1.75	1.75	0.75	4
778.85	401.81	10,82.88	462.81		Sir A. Ramaswami Mudaliar (Chairman)	Ashok Leyland Ltd.	6.50	5	0.40	0.40	0.45	0.475	5
50.00	58.23	80.07	45.06		Tulsidas Kilachand (Chairman)	Assam Match Co., Ltd.	22.00	10	1.40	1.50	1.70	2.00	6
212.40	99.78	813.02	145.14	0.02	H. R. Gregson (Chairman)	Associated Battery Makers (B.) Ltd.	22.25	100	1.55	1.50	1.80		7
144.08	108.79	116.70	95.55†		K. P. Goenka (Chairman)	Balmer Lawrie & Co., Ltd.	60.00	100	12.00	8.00	8.00		8
30.00	20.24	51.40	40.82		K. N. Kanoria (Chairman)	Bengal Flour Mills Co., Ltd.	18.12	100	0.80	0.80	0.40		9
680.00	282.78	26,82.05	16,31.48	142.41	M. K. Vellodi (Chairman)	Binnay Ltd.	70.50	100			6.00	N/A	10
165.00	251.08	457.81	201.48		A. C. Khanna (Chairman)	Britannia Biscuits Co.	85.75	10	2.00	1.80	1.80		11
825.00	189.17	406.01	280.59	0.09	Sri Prakash (Chairman)	British India Corporation Ltd.	4.25	6	N/A	N/A	N/A	N/A	12
75.00	69.87	78.87	46.18		R. A. Godwin (Managing Director)	British Paints (India) Ltd.	21.94	100	1.00	1.00	1.25		13
68.00	122.56	289.62	121.45	0.05	Sir A. Ramaswami Mudaliar (Chairman)	Carborundum Universal Ltd.	247.00	100	12.00	12.00	12.00		14
188.80	11.85	152.80		0.24	J. F. Brierley (Chairman)	Clive Row Investment	6.50	10	0.40	0.45	0.80		15
10,00.00	11,41.12	26,11.08	12,22.48	165.99	R. G. S. Nairn (Chairman)	Dunlop India Ltd.	39.40	10	1.75	1.75	2.00	2.00	16
180.48	177.42	78.28	28.03	0.08	K. P. Goenka (Chairman)	Duncan Brothers & Co., Ltd.	43.31	100	12.00	12.00	12.00		17
70.89	65.52	167.00†	9.04		S. R. Goenka (Chairman)	Eastern Investment Ltd.	6.50	10	4.00	4.25	9.50		18
181.51	23.08	109.24	23.13	0.09	S. Sen Gupta (Managing Director)	East Anglia Plastics (India) Ltd.	4.31	10	0.60	0.50	0.60	0.40	19
78.00	26.78	288.71	109.64	0.04	K. R. Sundaram Iyer (Chairman)	Enfield India Ltd.	10.25	10	N/A	0.60	1.00		20
78.75	82.00	285.63	118.81	51.81	Satyam Narain Gupta (Chairman)	Ganesh Flour Mills Co., Ltd.	4.62	12.50	N/A	N/A	N/A	N/A	21
65.00	68.64	41.02	26.72		Giridharas Kothari (Chairman)	Gillanders Arbuthnot & Co., Ltd.	7.06	10	1.25	1.20	0.98	1.00	22
60.00	94.09	135.99	72.57		D. S. Barron (Chairman)	Godfrey Phillips India Ltd.	55.00	100	3.50	3.50	1.25		23
258.88	587.08	655.00	355.70		R. E. O. Carey (Managing Director)	Goodyear India Ltd.	56.50	10	1.50	1.50	1.75		24
10,97.10	11,97.05	67,54.06	22,88.48	2.24	B. M. Birla (Chairman)	Hindustan Motors	13.00	10	1.25	1.25	1.00	N/A	25
78.88	39.12	187.88	51.92		H. L. Somany (Chairman)	Hindustan Sanitaryware & Industries	14.62	10	1.00	1.00	1.00	1.00	26
894.00	27.48	511.02	185.47	87.18	Sir A. Ramaswami Mudaliar (Chairman)	Inchek Tyres Ltd.	8.75	10	N/A	N/A	0.60	N/A	27
18,94.00	17,04.68	18,67.54	619.22		V. R. Narain Bokar (Chairman)	India Tobacco Co., Ltd.	18.08	100	1.00	1.10	1.80	1.25	28
59.70	61.82	205.83	51.85	0.02	S. Narayanaswamy (Chairman)	India Forge and Drop Stampings Ltd.	10.85	100	1.00	0.90	0.90	0.60	29
12,01.18	10,51.60	57,04.63	18,61.00		H. V. R. Jengar (Chairman)	Indian Aluminium Co., Ltd.	88.00	100	1.75	1.40	1.40	1.40	30
414.42	801.67	607.22	378.88		D. Fordwood (Chairman)	Indian Cable Co., Ltd.	17.00	10	1.50	0.50	0.25		31
60.00	110.25	168.93	61.18		P. D. Himatnagar (Chairman)	India Carbon Ltd.	32.69	100	1.60	1.60	1.60		32
409.50	409.50	178.24	94.45		Narayan Dandekar (Chairman)	Indian Oxygen Ltd.	23.50	100	1.20	1.20	1.20	1.40	33
35.00	10.19	26.68	23.39		S. B. Datta (Chairman)	Indian Wood Products Co., Ltd.	13.08	10	N/A	0.90	1.50	0.90	34
40.00	2.09	32.32	17.72		B. N. Ghose (Secretary)	Indian Tack & Nail Co., Ltd.	6.82	10	0.15	0.80	0.50	0.55	35
18.00	10.67	17.54	8.07		R. P. Goenka (Chairman)	Industrial Containers Ltd.	13.06	10	0.80	0.80	1.25		36
199.69	128.49	60.15	30.08		D. Fordwood (Chairman)	Jardine Henderson	34.00	100	7.00	4.00	N/A	N/A	37
487.00	79.70	87.05	42.85	0.06	H. M. Patel (Chairman)	Jewwani (1929) Ltd.	10.00	10	1.05	1.05			38
449.88	127.00	18,88.78	510.55	1.87	K. M. Cherian (Chairman)	Madras Aluminium Co., Ltd.	182.00	100	N/A	8.00	12.00		39
187.22	102.60	381.60	140.05	2.70	Sir Biren Mookerjee (Chairman)	Madras Rubber Factory Ltd.	19.65	10	1.00	1.20			40
220.85	90.17	134.28	200.40†	0.02	M.	Martin Burn Ltd.	7.25	10	1.25	0.60	1.00	1.00	41
47.12	76.88	87.42	20.43	0.82	M.	McLeod & Co.	190.00	100	N/A	0.90	0.90		42
904.18	285.55	10,50.53	877.17	0.10	Bhaaskar Mitter (Chairman)	Metal Box Co. of India Ltd.	13.70	10	1.20	0.90	0.90		43
248.10	465.10	60.24	29.45	0.30	V. R. Mohan (Managing Director)	Mohini Mohan Rice	18.00	5	0.875	0.45	0.50	0.60	44
62.50	53.00	62.43	84.90		N. G. Ayyangar (Managing Director)	Mysore Electric Industries Ltd.	127.00	100	10.00	10.00			45
18.80	29.25	42.94	19.17	1.81	M. D. Shivananjappa (Chairman)	Mysore Lamp Works	15.25	10	0.70	N/A	N/A		46
10.00	4.18	84.80	19.11	0.08	J. P. Mallappa (Chairman)	Mysore Tobacco	18.45	10	1.00	1.10	0.80		47
302.50	94.86	186.88	124.44		Sir A. Ramaswami Mudaliar (Chairman)	National Insulated Cable Co.	10.99	100	2.00	0.50	0.50		48
60													

COAL COMPANIES

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Ordinary Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depre- ciation	Carried Forward					1967	1968	1969	1970	
51.00	39.49	197.54	180.65	0.02	M.	Amalgamated Coalfields	7.05	10	0.25				3
12.00	21.50	54.59	45.88		Bhaskar Mittar (Chairman)	Barrack Coke	17.87	10	2.00	2.00	2.00	1.50	8
120.00	884.38	12,93.48	826.68		M.	Bengal Coal	155.00	100	10.00	12.00	12.00		19
7.15	14.94	24.77	1.35	-14.82	M.	Blulaburace	6.00N	10					4
15.00	22.80	97.93	65.65		M.	Borra	12.62	10	NH	0.50	1.25		12
121.23	153.85	761.50	449.44		R. Kanungo (Secretary)	Burrakur	12.00	10	1.80	NH	1.20	1.20	6
58.14	24.55	119.90	18.08	-24.55	B. Fordwood (Chairman)	East Indian	7.00	10	2.00	NH	NH		12
29.64	1.45	667.79	452.80	-138.85	M.	Equitable	4.84	10	NH	NH	NH		12
12.00	11.39	60.85	44.05		N. P. Kapadia (Chairman)	Hingir-Ranapur	38.25	50	7.50	7.50	5.00	6.00	8
30.00	49.89	124.57	47.26		S. P. Chhiber (Secretary)	Karunpura Collieries	11.31	10	1.00	1.20	1.20	2.00	2
18.90	41.97	150.04	98.33		J. F. Brierley (Chairman)	Katras Jheriah	0.62	10	0.50	1.00	1.00	1.00	1
7.48	1.06	14.16	10.55	0.66	Bhaskar Mittar (Chairman)	Nazra	1.00N	10					12
31.07	65.61	257.47	185.12		M.	New Beerbhoom	14.50	10	0.80	1.20	1.60	1.00	19
10.00	7.40	12.44	84.00	-0.07	M.	New Mandbhoom	4.00	10					3
1.15	9.90	8.12	22.11k	0.09	M.	North West	8.25N	10					8
1.58					M.	Ondal	0.62N	7.50					12
7.50	14.18	3.57	14.96k		M.	Parasa	13.25N	10	0.75	0.75	1.00	1.00	12
16.68	25.81	121.34	33.70	0.17	C. M. A. Bathurst (Chairman)	Pench Valley	5.60N	10	0.25	0.825	1.00		12
31.50	40.69	126.65	82.98	0.05	M.	Ranegunge	7.94	10	0.75	0.75	1.00		3
52.48	60.60	342.06	206.40	0.16	M.	Rewa	12.00	10	0.50	0.75	1.00	1.00	3
40.50	82.74	138.50	78.18	0.09	A. W. B. Hayward (Chairman)	Sania Collieries	27.00	10	1.25	1.25	2.00		12
97.50	42.05	133.39	67.75	-8.53	S. Jalpuria, Esq. (Chairman)	Sania Collieries	4.50	10					3
64.98	24.32	187.41	72.91	0.16	S. D. Shethia (Chairman)	Sotbis Mining	75.00	100	12.50	10.00	8.00	0.70	12
12.84	7.04	0.24	18.18k		M.	Sondra	4.00	10	0.35	0.70			3
554.40	202.81	26,63.08	12,23.85	-313.06	V. K. Rao, Esq. (Chairman)	Singareni	8.40	10	NH	NH	NH		8
28.05	15.46	86.67	40.44		S. P. Chhiber (Secretary)	South Karanpura	12.81	10	0.25	1.00	2.00	2.00	8
8.00	17.53	1.30	23.75k		M.	Standard	7.81	10	NH	0.50	1.00	1.00	12
99.95	64.48	338.96	153.41	0.14	S. S. Banthia (Secretary)	Western Bengal	7.37	10	0.75	0.75	0.80	0.85	8

M.—Managed by the Board of Directors.

N.B.—Dividends are shown as taxable.

K=Investments.

PREFERENCE SHARES

Company	Amount issued (In lakhs) Rs. or £	Year of Issue	Rate per cent	Approximate Month of Payment	Latest available Quotation Rs.	Paid-up per Share Rs.	Company	Amount issued (In lakhs) Rs. or £	Year of Issue	Rate per cent	Approximate Month of Payment	Latest available Quotation Rs.	Paid-up per Share Rs.
BREWERIES AND SUGAR							ENGINEERING						
Bhopal Sugar T.F.C.	12.50	1987	5.00	April	60.00	100	Arthur Butler (Muzaffarpore) . . .	1.60	1919	7.00	Mar.	3.75	10
Carow & Co. T.F.R.C.	8.00	1875	6.50	Mar. Sept.	74.50	100	Burn & Co., Ltd. (1st) T.F.C. . . .	13.00	1895-98	7.00	Feb. Aug.	70.00	100
Cawnpore Sugar Works T.F.C. . .	10.00	1905-24	8.00	Feb. Aug.	100.00N	100	Do. (2nd) T.F.C.	15.00	1902	6.00	Feb. Aug.	60.00	101
Deccan Sugar & Abkari 'A' T.F.C.	7.00	1920	7.00	July April	4.20	8	Indian Iron & Steel Co., Ltd. . . .	69.95	1960	5.00	Dec.	64.00	100
East India Distilleries C.	£2.00	1897	9.00	Jan. July	17.85	£1	Indian Standard Wagon T.F.C. . .	19.66	1918	7.00	June	60.00N	100
Gwalior Sugar R.C.	6.75	1940	7.00	Dec.	47.00	100	Jessop T.F.C.	20.00	1941	5.00	May Nov.	50.00	100
Do. (Non-redeem.)	5.00	1940	7.00	Dec.	47.00N	100	Kamani Engineering C.R.	15.00	1945	5.50	July	64.50	100
Purbakpore Co. C.	6.00	1922	10.00	Oct.	11.00	10	††Kumardhubi Engineering	12.00	1915	4.00	June Dec.	41.00	100
Ramnugger Cane T.F.C.	4.00	1933-36	8.00	Aug.	60.00	100	Larsen and Toubro Ltd. T.F.R. . .	13.00	1946-47-51	5.00	June	70.00	100
Ravilamb Sugar C.	20.00	1943	5.50	Oct. April	54.00	100	Mahindra & Mahindra T.F.R.C. . .	25.00	1945	6.00	May	88.50	100
Travancore C.T.F.	15.00	1946	5.00	Dec.	5.49	10	McKenzies (1st) T.F.C.	5.50	1907	7.88		70.00	100
Upper Ganges T.F.C.	12.00	1932	5.00	Dec.	90.00N	100	Premier-Construction (1st)	10.00		6.25		66.00	100
Do. C.R.O.	15.00	1946	5.00	Dec.	70.00N	100	Do. (2nd) O.	15.00	1936	6.25		67.70	100
Walchandnagar T.F.C.	3.50		10.00	April May	74.00	100	Do. (3rd) C.	56.25	1947	4.50		4.15	10
COAL							Tata Iron and Steel (1st) C.	75.00	1908	6.00	Nov.	111.00	150
Borra T.F.C.	14.00	1890-97	6.50	Oct. April	61.00N	100	Do. (2nd) C.	693.82	1908	7.50	May	86.00	100
Burrakur (1st) T.F.C.	23.00	1901-19	7.00	April Oct.	75.00	100	JUTE						
Do. (2nd) C.	4.50	1948	8.00	Oct.	4.00	10	Anapara T.F.C.	10.00	1927	7.00	Jan. July	66.00	100
Equitable T.F.C.	4.00	1895	8.75	Mar. Sept.	45.00N	100	Alexandra T.F.C.	9.00	1905	7.00	Feb. Aug.	47.00	100
Karunpura Collieries C.	0.89	1946	5.50		34.00	10	Alliance T.F.C.	15.00	1895	6.00	Mar. Sept.	26.00	100
††Khas Kajora C.	1.98	1931	10.00	Mar. Sept.	7.00N	10	Anglo-India T.F.C.	40.00	1917	7.00	May Nov.	60.00	100
New Beerbhoom T.F.C.	2.00	1920	7.00	Jan. July	7.00	10	Ausland C.	10.00	1909	5.50	May Nov.	60.00	100
Ondal T.F.C.	2.00	1898-99	6.50	April Oct.	48.00	100	Do. (2nd) (1) C.	15.00	1906	4.50	June Dec.	49.50	100
COTTON							Bally T.F.C.	20.00	1918	10.00	April Oct.	90.00	100
Ahmedabad Advance T.F.C. . . .	10.00	1939	7.14	Nov. Oct.	77.00	100	Barnagore C.	£2.00	1896	6.00	May Nov.	81.00N	£5
Basanti Cotton T.F.	5.00	1938	6.25	Nov.	3.25N	10	Birla C.	23.64	1919	7.50	June Dec.	60.50	100
Bowrah 'A' T.F.	6.00	1900	8.00	Feb. Aug.	85.00	100	Cacutta T.F.C.	6.00	1934	8.50	Jan. July	33.00N	100
Do. 'B' T.F.	6.00	1900	8.00	Feb. Aug.	69.00	100	Calcutta T.F.C.	10.00	1915	7.00	May Nov.	55.00	100
Bradbury T.F.	14.75	1919	10.00	June Dec.	25.00	50	Chitavalah T.F.C.	5.00	1928	7.00	Mar. Sept.	75.00	100
Cambodia C.T.F.	1.00	1928	7.00	April	82.72	100	Dalhousie T.F.C.	15.00	1903-13	7.00	May Nov.	35.00	100
Central India T.F.	50.00	1912	7.14	April Oct.	370.00	600	Empire T.F.C.	10.00	1912	7.00	Feb. Aug.	41.00	100
Century Spg. & Mfg. Co. R.C. . .	125.00	1958	8.57	Dec.	103.50	100	Fort Gloster T.F.C.	14.00	1890-98	7.00	May Nov.	85.00	100
Colimatore Pioneer C.T.F. . . .	1.00	1935	6.50	June	32.88	100	Do. (2nd Pref.) T.F.C.	7.00	1948	5.00		54.00	100
Elgin T.F.C.	11.00	1912	8.00	May	85.00	100	Fort William T.F.C.	10.00	1911	7.00	May Nov.	75.00	100
Elgin 'B' T.F.C.	4.20	1943	5.00	July	6.25	10	Ganges T.F.C.	6.00	1916	8.00	June Dec.	80.00	100
Elphinstone C.	25.00	1919	7.00	May Nov.	55.00	100	Gourepore T.F.C.	26.50	1895	8.75	May Nov.	55.00	10
Karun T.F.C.	20.00	1910	10.00	June Dec.	93.00	100	Hooghly T.F.	11.76	1918	10.00	May Nov.	9.25	10
Khatan Makani (2nd) T.F. . . .	20.58	1947	4.00	Nov.	66.00	100	Howrah T.F.C.	8.75	1896	7.00	May Nov.	55.00	100
Kothari C.T.F.	18.00	1937	6.00	Dec.	7.85	10	Do. T.F.C. (1)	17.50	1903-06	7.00	May Nov.	49.50	100
Kothari 'B' (Pref.) T.F.C. . . .	6.00		6.00		7.85	10	Hukumchand T.F.C.	40.00	1919	7.00	June Dec.	80.00	100
Lakshmi Vishnu Cotton T.F.C. .	16.00	1896	6.18		126.25	150	Kamarbhaty T.F.C.	16.00	1898	6.00	Feb. Aug.	52.00	100
Morjee Goudaldas Spg. & Wvg. T.F.C.							Kankarnah T.F.C.	10.00	1900	6.00	Feb. Aug.	38.00	100
Myore Spg. C.	17.25	1947	6.43	Jan.	58.00	100	Kelvin T.F.C.	10.00	1907	7.00	Mar. Sept.	50.00	100
National Rayon C.	174.65	1947	5.55		80.00	100	Khardah T.F.C.	6.00	1906	6.00	May Nov.	64.00	100
New Great	8.00	1913	5.50	Mar.	100.00	200	Kinloss T.F.C.	15.00	1900-13	7.00	May Nov.	38.00	100
Fedar Mills Co.	10.00	1943	7.00	Feb.	60.00	100	Landowne T.F.C.	15.00	1905	7.00	May Nov.	40.00	100
Rajalakhmi T.F.C.	2.00	1932	8.45	April	53.40	50	Lawrence (A) T.F.C.	5.00	1907	7.00	May Nov.	55.00	100
Shree Nivasa Cotton T.F.C.E. . .	4.20	1944	4.00		52.50	100	Do. (B) T.F.C.	10.00	1905	5.50	Dec.	48.00	100
Swadeshi T.F.C.	15.00	1935	7.14	April Oct.	81.00	100	Nalhai T.F.C.	7.50	1905	7.00	May Nov.	52.00	100
Swadeshi (Kanpur) C.	35.00	1927	8.57	June	61.00	100	Do. (2nd) (1) T.F.C.R.	10.00	1945	4.50	June Dec.	37.00	100
Travancore Rayon C.T.F.	50.00	1946	5.00	May	6.40	10	National T.F.C.	5.00	1917	7.00	May Nov.	70.00	100
Vasanta (1st) C.T.F.	3.00	1931	6.50		68.10xnd	100	Nellmaria T.F.C.	5.00	1939	6.00	April Oct.	40.00N	100
Do. (2nd) C.T.F.	1.50	1938	6.00		67.92xnd	100	New Central T.F.C.R.	33.00	1915	7.00	Jan. July	48.00	100
ELECTRICS							Northbrook T.F.C.	15.00	1909	5.50	May Nov.	50.00N	100
Andhra Valley Power Supply C. .	49.34	1917	7.00	May Nov.	86.00	100	Reliance T.F.C.	20.00	1906-12	7.00	May Nov.	80.00	100
Amalgamated Electric T.F.C. . .	24.15		5.50		64.50	100	Sammugur C.	£1.50	1901	6.00	Feb. Aug.	Sh.21.50N	£1
Calcutta Electric T.F.C.	19.00	1906-11	5.00	June Dec.	10.25	£1	Shree Ambika T.F.C.	11.70	1927	10.71	Mar. Sept.	25.00	100
South Madras (1st) C.T.F. . . .	22.00	1940	5.50	Sept. Dec.	8.90	100	Titagarh C.	£1.00	1907	6.00	Aug.	Sh.40.00	£1
Do. (2nd) C.T.F.	8.00	1940	5.50		8.90	10	Union T.F.C.	6.00	1901	7.00	May Nov.	50.00	100
Surat Electric Co. C.T.F.	5.00	1909	9.50	April	28.00	100	Victoria C.	£1.50	1898	6.00	Feb. Aug.	Sh.21.50N	£1
Tata Hydro Electric Power C. . .	88.29	1907	7.00	May Nov.	81.50	100	Waverly T.F.C. (1)	7.50	1913	10.00	Mar. Sept.	26.00	50
Tata Power T.C.	36.97	1918	7.50	May Nov.	86.50	100	RAILWAYS, STEAMSHIP AND TRAMWAYS						
Vellore C.	1.25	1923	6.00	Dec.	2.64	10	Calcutta Tramways C.	£2.50	1906	4.50	April Oct.	8.75	£1
							Indian General Nav. & Bly. C. . .	£2.44	1899	6.00	Mar. Nov.	30.00	£10
							India Steamship (w) T.F.C.R. . . .	25.00	1928	7.14		62.00	100

Capacity utilisation in major public sector units

STATISTICS

Name of the unit	Unit	Installed capacity	Percentage of production to installed capacity		Production during 1969-70	Production during 1970-71 (Apr.-Dec.)	Unit	Name of the unit	Installed capacity	Production during 1969-70	Production during 1970-71 (Apr.-Dec.)	Percentage of production to installed capacity	
			1969-70	1970-71								1969-70	1970-71
I. Steel													
Hindustan Steel Ltd.(a)													
Steel ingots	Mill. tonnes	2.5	1.86	1.44	75	77	Tonnes	4. Namrup unit	99,950	65,704	44,100	66	59
(b) Bhilai	"	1.8	1.10	0.75	61	56	"	Ammonium sulphate (21% N)	55,020	26,138	20,800	48	30
(c) Durgapur	"	1.6	0.82	0.46	51	38	"	Urea (46% N)	1,73,918	1,58,086	1,02,800	90	79
II. Engineering													
Hindustan Teleprinters Ltd	Nos	8,496	5,310	2,160(b)	63	51	Million Nos	I.D.P.L.					
Teleprinters and ancillary equipments								(i) Surgical instruments plant	2.5	0.17	0.30	7	16
Hindustan Cables Ltd								Planning instruments and family					
Dry core cables	CKM	8,00,000	5,34,962	1,22,803(c)	67	61	Tonnes	(ii) Synthetic drugs project	850	415	426(d)	48	58
Coaxial cables	TKM	4,250	1,611	329(c)	38	30	"	Synthetic drugs					
Plastic wires and cables	CKM	1,25,000	40,837	5,351(c)	33	17	Mill. tonnes	(iii) Antibiotics plant, Rashikesh	1,97,930	40,910	42,885	20	29
Hindustan Machine Tools Ltd								Antibiotics					
Machine tools	Nos	5,000	2,934	1,307	47	40							
Watches	Nos	3,60,000	3,30,000	2,51,286	92	93		IV. Mining and Minerals					
Heavy Engineering Corporation Ltd	Tonnes	80,000	13,805	13,411	17	22	Tonnes	Indian Rare Earths Ltd	4,130	3,492	2,679	84	86
Mechanical items	"	25,000	3,891	2,354	15	12.5	"	Rare earths chloride	4,980	4,150	2,446	83	68
Structurals	"	45,384	27,550	14,769	61	43	"	Tricadum phosphate	40,435	36,457	52,661(e)	91	52
Castings and forgings	Nos	152	27	21	18	18.5		Timenite	17,00	13,75	10,168	81	80
Machine tools	Nos	289	270	177	94	82		All types of coal	5,000	4,280	2,477	86	66
Bharat Earth Movers Ltd	Tonnes	34,000	5,760	5,076	17	20		Neyveli Lignite Corpn Ltd	2,494	2,248	1,310	90	70
Rail coaches of different types								Lignite	110	68	48	80	58
Mining & Allied Machinery Corpn Ltd								Power	342	136	53	41	20
Coal Mining and allied machinery								Urea					
III. Chemicals													
Fertilizers & Chemicals, Travancore Ltd	Tonnes	1,80,000	1,01,200	75,760	56	56	Lakh tonnes	National Mineral Dev. Corpn Ltd	60	42.0	35.56	70	80
Ammonium sulphate (21% N)	"	45,000	29,653	21,787	67	65	"	Lump ore (1) Kiriburu					
Superphosphate (16% P2O5)	"	1,20,000	52,463	38,233	44	42	"	Lump ore (2) Bailadilla					
Ammonium chloride	"	22,500	9,039	6,600	40	39	Tonnes	Hindustan Zinc Ltd	18,000	9,928	7,984	55	59
National Newspaper & Paper Mills Ltd	"	45,000	37,674	24,177	84	72	"	Zinc	4,080	1,860	1,283	46	42
Newsprint	"	84,00	60,34	44,43	73	71	"	Lead	76,200	42,640	40,048	56	70
Hindustan Antibiotics Ltd	MMU	90,000	83,138	42,299	92	63	"	Super phosphate	78	32	16	41	27
Potassium penicillin bulk	Kgs	3,741	3,448	2,932	92	104	Kgs	Cadmium	7,500	2,137	1,073	30	20
Streptomycin sulphate	Tonnes	6,537	5,135	4,234	79	86	"	Silver					
Hindustan Insecticides Ltd	"							V. Petroleum and oils					
Technical DDT	"	2,448	1,826	812	66	44	"	Ganesh Refinery	750	765	499	101	87
80% formulated DDT	"	1,020	357	178	35	23	"	Crude throughput	3,000	2,088	1,853	68	74
Hindustan Photo Films Mfg Co Ltd	'000 sq M	175	30	60	17	9	"	Crude throughput	3,000	3,398	2,574	113	114
Cine positive and dia-positive	"	33.4	2.1	7	6	28	"	Gujarat Refinery	2.50	1.810	1,074	72	80
Medical x-ray	"	150	0.7	0.14	Neg.	70	"	Crude throughput					
Cine-film sound	"						"	Madras Refineries Ltd					
35 mm negative film	"						"	(Refinery went on stream for production since June 1969)					
Roll film	"						"	ONGC					
Photographic paper	"						"	1. Oil	No target	3,83(f)	2,704(f)	102(g)	90(g)
Fertilizer Corporation of India Ltd							"	2. Gas		333.1	352.712		
1. Sindri unit	Tonnes	3,55,000	2,91,000	2,03,200	82	78	Mill cu mtrs	Heavy Electricals					
Ammonium sulphate (21% N)	"	1,21,920	42,727	31,000	35	34	Nos	Switchgear	2,800	680	687	24	32
Double salt (28% N)	"	23,470	15,737	10,500	67	60	Nos	Railway traction Contragears	180	88	77	49	57
Urea (46% N)	"	3,14,880	3,18,752	1,83,400	101	78	Nos	Relays	800	298	259	50	57
2. Nangal unit	Tonnes	14,112	15,986	7,000	113	66	Mva	Transformers	4,000	1,474	1,431	37	48
GAN (25% N)	Kgs	99,000	57,774	44,600	58	60	Nos	Traction motors	1,160	742	572	64	66
Heavy water	"	1,80,000	1,10,708	85,000	61	63	"	Bharat Heavy Electricals Ltd	1,170	452	29.4	27	23
Trombay unit	Tonnes	30,000	12,876	14,200	43	68	"	Is crores at optimum level					
Urea (46% N)	"												
Complex fertilisers	"												
Methanol	"												

SOURCE : Unstarred question No. 218, Lok Sabha, April 2, 1971.

NOTES : (a) Appreciable increases in production rate in most units is likely in the last quarter of the year.

(b) Up to September 1970 only.

(c) Up to June 1970 only.

(d) Capacity increased from 850 tonnes/yr to 980 tonnes/yr (1st phase expansion completed).

(e) Percentage based on present capacity of 1,36,500 tonnes per year.

(f) Target for 1970-71 4.07 m. tonnes, 1969-70 3.54 m. tonnes.

(g) Percentage assessed on target basis.

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	9-4-1971	2-4-1971	10-4-1970
Issue Department			
Notes held in Banking Department ..	4.83	5.49	22.17
Notes in circulation ..	4,360.99	4,258.45	4,004.88
Total notes issued ..	4,365.82	4,263.95	4,027.05
Gold coin and bullion ..	182.63	182.63	182.63
Foreign securities ..	273.42	268.42	361.42
Rupee coin ..	47.17	49.63	80.77
Government of India rupee securities ..	3,862.69	3,758.46	3,422.33
Banking Department			
Deposits of Central Government ..	353.20	362.47	52.38
Deposits of State Governments ..	4.21	2.38	—
Deposits of Scheduled Commercial Banks ..	190.75	217.95	108.75
Deposits of Scheduled State Co-operative Banks ..	12.58	12.49	7.95
Deposits of Non-Scheduled State Co-operative Banks ..	0.74	0.69	0.59
Deposits of other banks ..	0.32	0.34	0.23
Other Deposits ..	86.17	87.18	168.87
Other liabilities ..	680.02	703.75	589.45
Total liabilities or assets ..	1,326.98	1,387.24	993.12
Notes and coins ..	4.88	5.57	22.25
Balance held abroad ..	83.34	84.23	117.87
Loans and advances to—			
(i) Central Government ..	—	—	—
(ii) State Governments ..	456.57	430.09	206.86
Loans and advances to Scheduled Commercial Banks ..	270.26	366.11	196.18
Loans and advances to State Co-operative Banks ..	289.11	293.30	256.98
Other loans and advances ..	41.70	41.16	11.64
Bills purchased and discounted ..	20.28	17.56	27.41
Investments ..	113.33	109.10	108.25
Other assets ..	47.50	50.06	45.69

Note: The gold reserves of Issue Department are valued at Rs 53.58 per 10 grams upto January 31, 1969 and at Rs 84.39 per 10 grams thereafter.

COST OF LIVING INDEX: 1970 (Base: 1960=100)

Centre	Industrial workers			Urban non-manual employees		
	Oct.	Nov.	Dec.	August	Sept.	Oct.
Ahmedabad ..	181	177	177	172	175	173
Ajmer ..	186	N.A.	N.A.	174	N.A.	N.A.
Alwaye ..	200	199	197	(a)	(a)	(a)
Amritsar ..	198	N.A.	N.A.	189	N.A.	N.A.
Bangalore ..	188	191	190	173	173	174
Bombay ..	183	183	183	168	169	171
Calcutta ..	190	190	185	178	174	175
Delhi ..	204	202	202	175	175	176
Digboi ..	194	196	195	(a)	(a)	(a)
Gwalior ..	195	192	186	198	N.A.	N.A.
Hyderabad ..	193	192	191	174	175	176
Jamshedpur ..	189	190	181	(a)	(a)	(a)
Kanpur ..	193	N.A.	N.A.	177	N.A.	N.A.
Madras ..	174	175	174	175	177	178
Nagpur ..	190	191	191	169	N.A.	N.A.
Patna ..	(a)	(a)	(a)	193	194	194
Sambalpur ..	203	N.A.	N.A.	179	N.A.	N.A.
Shillong ..	(a)	(a)	(a)	169	167	171
Srinagar ..	173	N.A.	N.A.	179	182	185
Trivandrum ..	(a)	(a)	(a)	178	180	189
Yamunanagar ..	198	N.A.	N.A.	(a)	(a)	(a)
All-India ..	189	189	196	175	176	177
All-India (corresponding month of 1969) ..	178	177	177	169	169	168

(a) The original source of data does not cover this centre.

MONEY RATES*

	1971			1970
	Apr. 9	Apr. 2	Mar. 26	Apr. 10
Reserve Bank of India (Bank Rate) ..	6	6	6	5
Selected Major Scheduled Commercial Banks†				
Call money from Banks:				
Bombay ..	10.00	10.09	10.61	7.79
Calcutta ..	10.00	10.46	..	6.20
Madras ..	..	11.00	..	8.58

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.

† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	For the week ended (Friday)		
	9-4-1971	2-4-1971	10-4-1970
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	166.36	156.21	128.67
(ii) From others ..	2,627.32	2,623.03	2,256.03
(b) Borrowings from banks ..	33.88	30.57	35.43
(c) Others ..	149.03	147.50	134.84
2. Time liabilities—			
(a) Time deposits—			
(i) From banks ..	31.81	28.17	38.24
(ii) From others ..	3,306.37	3,278.11	2,826.04
(b) Borrowings from banks ..	9.90	9.03	6.73
(c) Others ..	44.20	41.37	28.96
3. Aggregate deposits (1) (a) (ii) + (2) (a) (ii) ..	5,933.69	5,901.14	5,082.07
4. Borrowings from Reserve Bank ..	270.26	356.11	196.18
(a) Against usance bills and/or promissory notes ..	143.05	179.96	68.35
(b) Others ..	127.21	176.15	127.83
5. Borrowings from State Bank and/or a notified Bank and the State Governments ..	46.17	47.96	56.88
6. Cash ..	164.87	166.81	138.71
7. Balances with Reserve Bank ..	214.36	203.16	180.98
8. Cash and balances with Reserve Bank ..	379.23	369.97	319.69
9. 8 as per cent of 3 ..	6.39	6.27	6.29
10. Balance with other banks in current account ..	76.03	79.37	60.85
11. Money at call and short notice ..	28.56	26.29	45.20
12. Investments in Government securities ..	1,359.66	1,361.02	1,166.57
13. 12 as per cent of 3 ..	22.91	23.66	22.95
14. Advances—			
(a) Loans, cash credits and overdrafts ..	3,752.63	3,718.65	3,325.41
(b) Due from banks ..	37.08	44.49	39.27
15. Inland bills purchased and discounted ..	776.90	765.61	495.15
16. Foreign bills purchased and discounted ..	210.91	210.65	195.05
17. Total Bank Credit (14) (a) + 15 + 16) ..	4,740.44	4,694.91	4,015.61
18. 17 as per cent of 3 ..	79.89	79.56	79.02

MONEY SUPPLY WITH THE PUBLIC

(Rs in crores)

	April 2, 1971	Variation over the latest		
		Week	Month	Year
Money Supply with the Public	7,199	+ 134	+ 76	+ 665
Currency with the Public ..	4,420	+ 45	+ 10	+ 333
Deposit Money with the Public ..	2,779	+ 89	+ 66	+ 332
Factors affecting Money Supply				
Net Bank Credit to Government Sector ..	5,332	+ 93	+ 144	458
Net Bank Credit to Commercial Sector ..	2,152	24	57	289
Net Foreign Exchange Assets of Banking Sector ..	528	2	14	50
Other factors ..	873	15	111	32

RBI INDEX NUMBERS OF SECURITY PRICES

(1961-62=100)

Groups	Week ended		
	10-4-1971	13-3-1971	11-4-1970
Debentures - All-India ..	93.1	93.1	93.6
Preference Shares All-India ..	85.6	85.9	88.5
Variable Dividend Industrial Securities			
Agriculture and Allied Activities ..	88.4	88.8	87.6
Mining and Quarrying ..	54.1	52.8	55.4
Processing and Manufacturing ..	97.0	96.7	95.8
All-India -Total ..	100.2	99.8	98.5
Regional			
Bombay ..	113.3	112.8	112.9
Calcutta ..	95.4	91.2	92.1
Madras ..	88.0	87.2	89.7
Ahmedabad ..	80.0	80.3	83.5
Delhi ..	113.3	115.3	117.6

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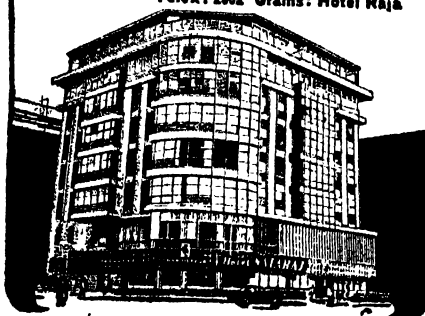
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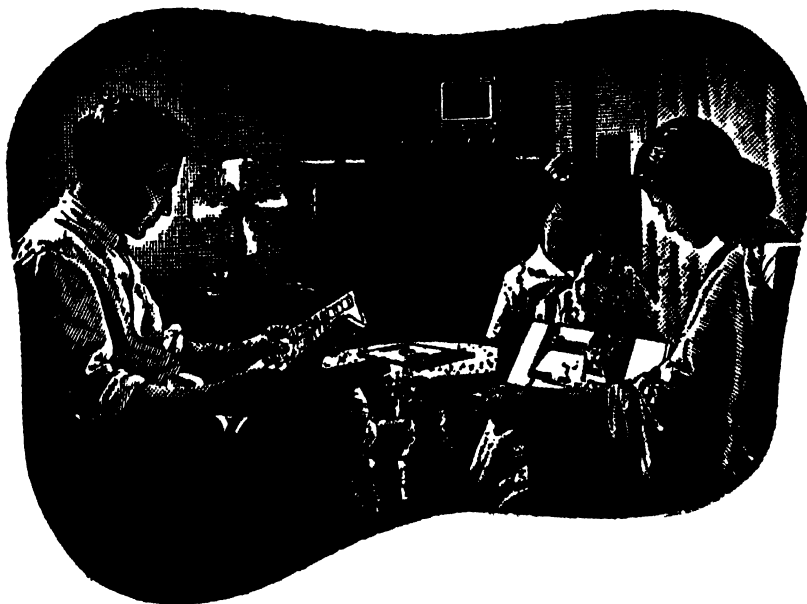
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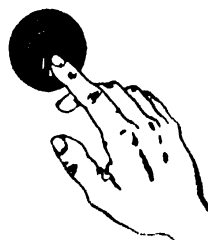
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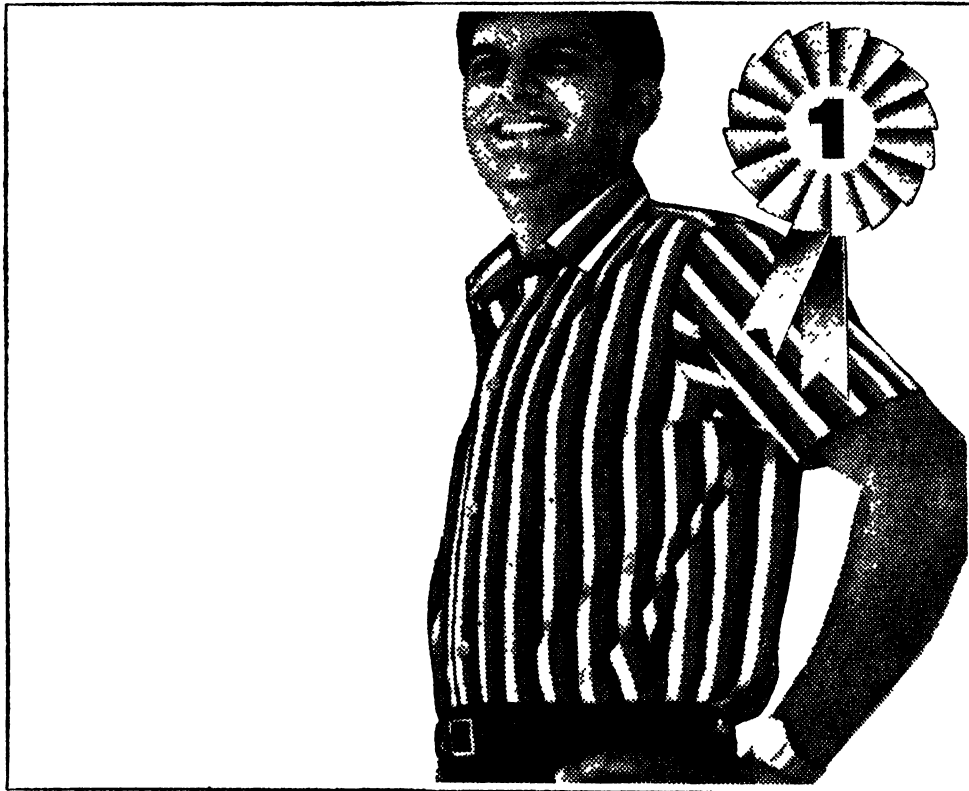


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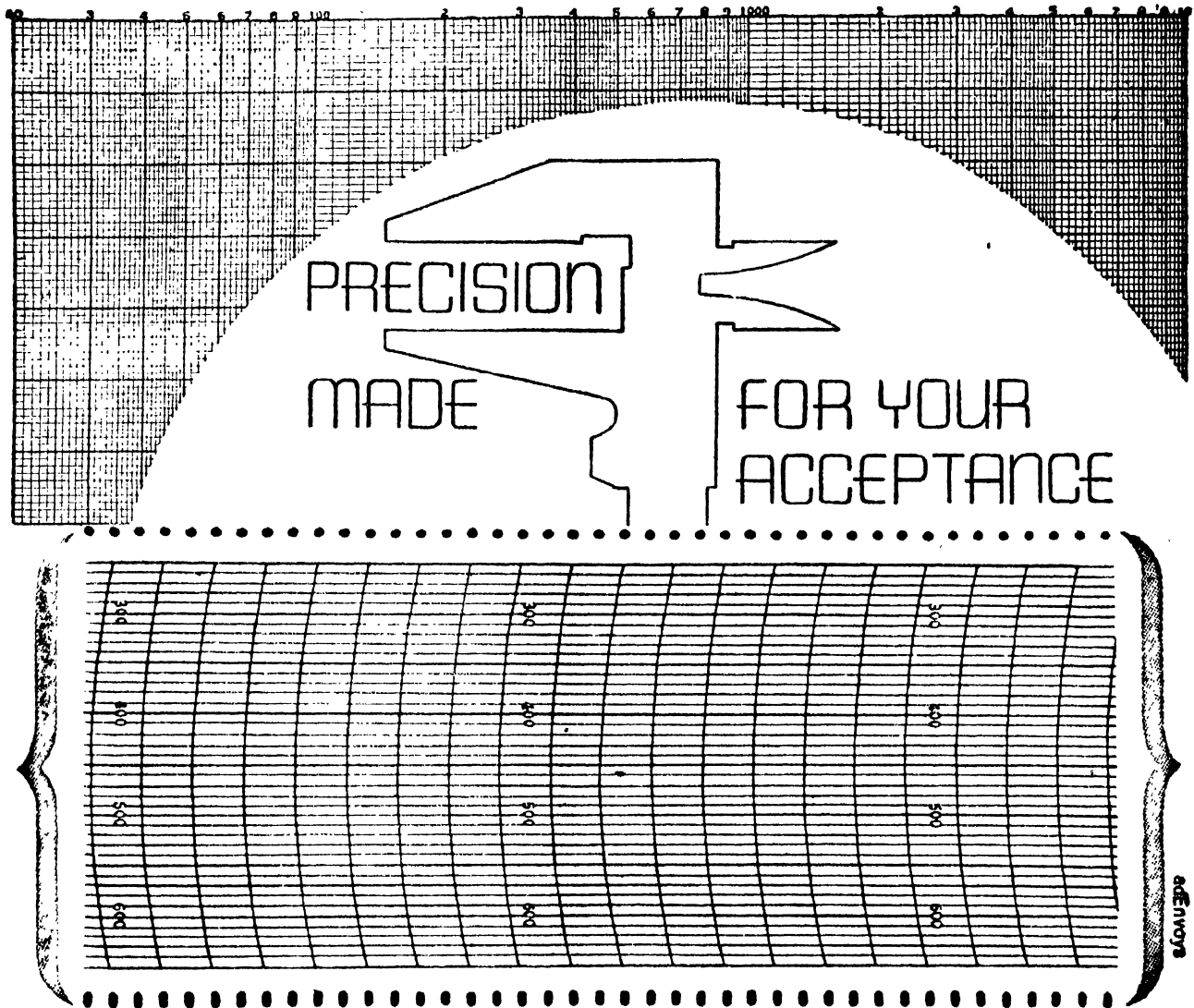


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A jute goods shortage?

ARE we in for a shortage of jute goods in the near future? Against the background of falling exports and the claim of the industry of over-capacity in the Calcutta region, as evidenced by the closure of about 12 units, such an assumption would seem to be far-fetched. In fact, industry spokesmen have in recent years been repeatedly talking about the bleak future of this most important foreign exchange-earner and have expressed their dismay at the Government's proposal for the setting up of new jute mills outside West Bengal. Obviously, the Government does not agree with this assessment, and the Minister of Foreign Trade, Mr L. N. Mishra, on the other hand, has a complaint that the industry is not preparing itself to meet the growing demand for jute goods in the coming years. At the recent annual meeting of the Indian Jute Mills Association (IJMA) he urged the industry "not to be swayed by the passing currents of pessimism and to assess correctly the prospects before the industry both in the immediate and the distant future".

Interestingly enough, there is not much of divergence in the estimates of the Government and the industry on the future domestic needs. Also, there is unanimity on the necessity of maximising exports of jute goods. The Government does not dispute that exports have shown a consistent decline—the figures of shipments of 5.39 lakh tonnes in 1970 compared to 9.29 lakh tonnes in 1965 speak for themselves. But Mr Mishra thought it fit to give expression to the Government's oft-repeated view that the decline in the jute industry's production (which, in his opinion, is the main factor behind the

export setback) is partly due to a fall in the machine efficiency because of wear and tear and that the mills which had closed down, were those with such outdated machinery that even in normal times they could not work economically. The Government also feels that despite the competition from synthetics, there is considerable growth potential in carpet backing demand, in some areas of consumption jute still has functional superiority and the prospects of developing new uses of jute such as decoratives and furnishings are good. There is also every possibility, in its opinion, of a rapid increase in the offtake in industrial countries such as the USSR. On the domestic front the packing requirements of the country may go up to 11.8 lakh tonnes by 1980-81 as against the current level of 5.28 lakh tonnes. And Mr Mishra was also quick to point out that on the projection of a 7 per cent increase in domestic consumption made by the industry and to which the Chairman of the Association, Mr H. D. Wahi, had referred, the figure for the likely demand for 1980-81 would come to 10.4 lakh tonnes. But given the present pattern of product-mix it is unlikely that the mills will be able to produce more than 12 to 12.5 lakh tonnes of jute goods out of the present installed capacity. A jute goods shortage could thus develop unless mills undertook a substantial modernisation and expansion programme to take care of the growing demand for jute goods within the country as well as cater to the export demand better.

The industry, on its part, has sought to give an answer by referring to shrinking overseas markets, rising costs, a serious shortage of

working funds, and, of course, labour indiscipline. Mr Wahi has also referred to the inadequate production of jute and the need for speedily inducing jute growers to take to intensive cultivation on scientific lines. These difficulties faced by the industry cannot be denied, but they by themselves do not answer the Government's criticism that the mills have not been availing themselves of the financial help they have already been offered to undertake a worthwhile modernisation programme. Loans from financial institutions have been promised. New Delhi has also gone to the extent of assuring the industry that should the indigenous makers of equipment fail to deliver machinery in time, imports in all necessary cases would be allowed. Mr Mishra has, however, found that the industry has been largely unresponsive to this offer of help, and he sees, therefore, no other way of averting a serious shortage of jute goods in the near future than of licensing new units in some States outside West Bengal.

On the face of it, therefore, it would look that the industry is taking a very short-sighted view of the calls that would be made on it. The sharp fall in exports which in 1970 were at an all-time low seems to have completely unnerved it. So much so, instead of talking in terms of increased production to avail itself of the possible opportunities created by the civil war in East Bengal, it is more keen to take advantage of the situation by increasing the prices of some goods. New Delhi is right in opposing this proposal for it would be most unwise to bank on a sellers' market that could be there for some time, to plan the future of the jute industry. An industry threatened by synthetics cannot itself initiate an action that could well give a greater boost to synthetics and price out jute goods from some markets. The fact that there has not been much of diversion of orders to Calcutta from Bangla Desh is itself significant. Foreign buyers would appear to calculate that the difficulties of obtaining jute goods from Bangla Desh would be resolved soon, and, in any case, they would not like to create conditions in which prices of jute goods would shoot up, and thereby reducing their competitiveness with synthetics. It is a hint which our jute goods industry can profitably take. The damage done to the jute industry in Bangla Desh because of the fighting there, however, promises to give a breathing time to our industry. It is important that it utilises this opportunity to go ahead with modernisation and expansion of capacity with the help promised by the Government. There is no reason why it should shy away from this, particularly when it believes that the Jute Corporation will help stabilise jute prices and improve crop productivity.

Lip-service to land reforms

THOSE familiar with the power structure in rural areas and with implementation of land laws do not need to be reminded of Wolf Ladejinsky's findings last year that security of tenure is not given to the many, that rents are exorbitant and that ceilings on land ownership are notional. He summed up by saying that economic interest and social justice for the village poor had not gone hand in hand in the past twenty years. When the Chief Ministers met last September to discuss land reforms, therefore, the agenda before them made no bones about the two programmes which needed to be given "overriding priority in the present context". These were conferment of ownership rights on tenants and revision of ceiling provisions and their strict enforcement. As the data then presented to the Chief Ministers show, ceiling limits remain high in most of the States. For irrigated lands, the ceiling on existing holdings is in most States around 50 acres. In the non-irrigated areas, ownership of as much as 336 acres is permissible. Since the ceiling provisions affect an extremely small proportion of the rural community adversely, the Chief Ministers decided on balance in favour of conferring benefits on those who are landless or lack viable holdings.

Chief Ministers also noticed that there were large tracts of land vesting in the State in addition to Government wastelands. Little effort had been made to ensure that such land was allotted only to

the landless and to genuine agriculturists who own fewer than three acres. Another field of State competence, where the Chief Ministers found progress halting if not absent, was the distribution of lands benefiting from major and medium irrigation projects. Government has spent hundreds of crores of rupees on irrigation. It is essential both in order to raise production substantially and to ensure social justice that the benefits from these projects should flow to the largest possible number of families. As the allotments of land in the Rajasthan canal area indicate, however, developed land has not gone to the landless or small holders, and not even to those who lost their farms because of the construction of dams at Bhakra and Pong; land has been instead allotted to those from within Rajasthan who had the necessary pull with politicians and revenue officials. Apart from bringing virgin land under irrigation, Government is taking concerted steps to develop roads, marketing centres and warehousing and to supply of credit in areas benefiting from the major irrigation projects. Its intentions about linking land distribution policy with social justice are being tested in the command areas of major irrigation projects and have so far been found sadly hypocritical.

While paying lip-service to land reforms, therefore, the actual policy favours landed interests. What makes this policy socially dangerous is the explosive situation created by the green revolution. As the Prime Minister told Chief Ministers last year, the green revolution might not remain green unless it was accompanied by revolution based on social justice. She commended to them land reforms as "no single programme so intimately affects so many millions of our people". Now that green revolution land is becoming more prized socially and economically, landlords who adopt the new farm practices have been seeking unrestricted land control. Illegal as they are under the law, rents have risen from the traditional 50 per cent to 70 per cent of the crop. Owners have been getting rid of tenants altogether. Law has aided and abetted them in resuming land for self-cultivation. One-time tenants are being reduced to share-croppers and numbers of the landless have been growing. It is hardly surprising that last year there were reports almost every day of incidents of forcible occupation of land—both by the landed and by the landless. This is the foretaste of the law-and-order problem which must destroy social peace unless energetic steps are taken towards a more equitable distribution of land which is the most important means of production in the rural areas.

Yet, at the first meeting of the Central Land Reforms Committee last week, Mr Fakhruddin Ali Ahmed showed no sign of urgency. There is no obstacle to prevent State Governments from adapting the West Bengal or Kerala ceiling laws to the conditions of their own State. This, however, has not been recommended by the Committee. It has been suggested instead that more facts should be collected on the provisions of ceiling laws and their implementation before the Committee meets again in June. In view of the obvious reluctance of the political members—Central and State Ministers—to make any forward move, a rehash of available data is only a time-consuming device. Enough is known of the fate of ceiling laws and how they have been ignored or circumvented. It is not necessary to have any further detailed studies on the classes of land before an essential degree of uniformity in ceilings can be brought about by fixing them on a family basis and lowering the level where it is high—as it now is in Andhra Pradesh, Assam, Bihar, Madhya Pradesh, Maharashtra, Mysore, Orissa and Rajasthan.

Closely linked with the imposition of ceilings is the evolution of policy regarding the small holders. Obviously there is no social gain if the break-up of a large and efficiently managed farm leads to the inefficient management of smaller farms into which it is parcelled out. Redistribution of surplus land must, therefore, be viewed as a step towards consolidation of land holdings and reorganisation of farming operations. Surplus lands must be allotted in compact blocks. Detailed production programmes must be worked out for the new allottees who have small holdings in contiguous areas. In the States where the political influence of the landed interests has not bedevilled the operation of ceiling laws, greater energy needs to be shown in implementing existing legislation in letter and spirit.

INDIA-CHINA TRADE

Let's keep the powder dry

By Vadilal Dagli

THE secret visit to the Canton Fair on April 15 by the Indian Commissioner to Hongkong, Mr V. Siddharthachary, on the eve of his transfer to New Delhi, was a minor yet significant step towards normalising trade relations between India and Communist China. Since the Sino-Indian conflict in 1962 the trade between the two most populous countries of the world has been paralysed. During the past one year or so informal contacts were, however, being developed between Indian officials in Hongkong and Chinese trade representatives who, all of a sudden, began to invite Indian diplomats to their parties. The Chinese trade leaders also attended the official functions of the Indian Commission. These contacts which were initially hesitant increasingly became less unfriendly, particularly because of the acute cold war between the Soviet Union and China and the Chinese concern for broadening their foreign trade base which is perilously narrow.

The disruption of political and economic ties with the Soviet Union which was almost complete in the mid-sixties, convinced China that it was dangerous to rely on one or two dominant trading partners who could paralyse the economy of a weaker partner. The Chinese claim that the Soviet Union did exactly this and disrupted their economy by withdrawing all of a sudden all technical and economic assistance. Another lesson the Chinese learned during the sixties was that it is not wise to mix politics with trade. Except in relation to Japan which is a special case, the Chinese became exceedingly pragmatic in their trade relations with the non-communist world. Despite the fact that Peking had no diplomatic relations with Bonn, West Germany became a leading trading partner. China also did not mind buying wheat and steel from Australia at a time when Australian troops were actively assisting "the imperialist US forces" in Viet Nam.

I think that it is in the context of this new trade policy of China that one can explain the thaw between Indian officials and Chinese trade representatives in Hongkong. I was more convinced about the shift during a rather leisurely chat with Mr K. C. Wang, Chairman of the pro-communist Chinese General Chamber of Commerce, on my recent visit to Hongkong. Mr Wang, who himself is a millionaire and dresses like one, represents China in Hongkong in so far as her trade relations are concerned. He discusses foreign affairs in perfect Maoist jargon. He can be amiable, too, as I found him in my rather frank discussions with him.

Mr Wang, who is also Communist China's reliable contact man in Hongkong with the outside world, repeated this observation several times during our discussions on India-China relations: "One who untied the knot should tie it." When I asked him what should be done if there was a dispute about who actually untied the knot, he repudiated the suggestion that China invaded India. "If we had invaded India why should we send back the wounded prisoners of war after giving

them medical treatment? We even repaired your trucks and sent them back to you," Mr Wang claimed. But when discussions were becoming a little surcharged with emotion he indicated that both countries should forget the past. "We must realise that India and China are two leading countries of Asia. They should be on friendly terms with each other, but this can happen if we learn to distinguish between right and wrong."

"How to do it? It is rather a difficult problem," I said.

"It is not difficult at all. What is right? Right means anti-imperialist and pro-oppressed. There are two imperialist systems in the world—American imperialism and Socialist imperialism of the Soviet Union. You cannot be right if you are friendly with any of these two imperialist powers. India cannot be right when she is friendly with the socialist imperialism of the Soviet Union," Mr Wang said.

When I asked him about India's position in the scale of China's unfriendliness, Mr Wang said: "American imperialism and Socialist imperialism are our two main enemies. India is different. You are not an imperialist power."

For Mr Wang the world was divided into two camps. On one side were American imperialists and Socialist imperialists while, on the other, was the rest of mankind.

When I told him that the Soviet Union had also given us aid along with other friendly countries, he asked: "Is Russian aid really aid? You must know what aid is from the aid we give to African countries. No string is attached, no big power chauvinism. You must learn from our experience with the Soviet Union. The Soviet Union is helping you now. If India trades with China, her attitude will change."

When I pressed him about the process of normalisation of trade relations between India and China, he said that it was good that we had still diplomatic ties. He hinted that ambassadors should be exchanged. But he also said that normalisation could take place only when India distinguishes clearly between what is right and what is wrong.

Behind the mask of Maoist jargon I found inclinations, although hesitant, for moving towards normalisation of trade relations with India. China has launched a probing operation. The invitation to Mr Siddharthachary to visit the Canton Fair (you can't visit the Canton Fair without an invitation, and when I was in Hongkong in the middle of last month I was told that several American businessmen were waiting for invitations to this Fair) was part of this probing operation.

What are the possibilities of reviving trade with China? I think in the near future these possibilities are not very bright but in dealing with so resilient a power like China we should keep our powder dry. It is in this context that I enquired from various sources in Hong-

kong about the possible composition of India-China trade. Even in the days of Hindi-Chini bhai-bhai our trade with China was not very significant. In 1953, the total volume of trade between the two countries amounted to only Rs 18 million. In 1959 it reached the peak and the total volume of trade rose to over Rs 120 million. In that year our exports to China amounted to Rs 75 million and imports totalled about Rs 49 million. Even during this peak period our exports to China were a little less than 1 per cent of our total exports during that year and our imports from China were less than 0.5 per cent of our total import bill.

But during the intervening period there has been structural as well as geographical changes in China's trade. In the fifties nearly two-thirds of China's trade was with the communist bloc and the remaining one-third with non-communist countries. Today China's trade with non-communist countries amounts to 82 per cent while the share of the communist countries is only 18 per cent. The Soviet Union which was China's principal trading partner has been replaced by Japan which exported to China in 1969 goods worth \$391 million. West Germany (\$151 million), the UK (\$124 million), Australia (\$117 million) and Canada (\$114 million) were other major trading partners of Communist China for whose markets the Nixon Administration has now made an unorthodox bid.

What could China buy from India? When we had normal trade with China we exported jute sacking bags, hessian cloth, cotton, tobacco, black pepper, shellac, chrome ore, sandalwood oil, sugar and machine tools. We imported from China soda ash, caustic soda, raw silk, newsprint, drugs, iron and steel manufactures.

At present some unofficial trade is going on in some small quantities in mica and jute which pass through Nepal, Hongkong and Western Europe. In view of the widespread structural changes in the economies of both India and China in the intervening period, the trade pattern may undergo some change. Among the items that China might like to buy from India are aluminium ingots, scientific instruments, light machine tools, textile machinery, mining machinery, transport equipment, power equipment, jute and Indian herbs for its export-oriented indigenous pharmaceutical industry. She might be prepared to release goods such as tungsten, mercury, rice, vegetable oils and newsprint. As regards light engineering goods India can compete with other industrialised suppliers of China, especially in the matter of light machine tools, mining machinery and textile machinery where excess capacities exist.

There is also a likelihood of China buying from us some vital consumer goods. It was reported recently that there were shortages of matches in rural areas of North China. Last December, the inhabitants of the city of Canton experienced great difficulties in obtaining electric bulbs. These stray instances would indicate the possibilities of locating the outlets for some of our consumer goods in the limitless market that is China.

As one student of China in Hongkong told me, "when your relations with China would normalise, trading will take place not between two agricultural countries but two developing industrial societies". □

MARKET GOSSIP

Another bank merger

THE shares of both Bank of Baroda Ltd and the Tata Chemicals had been considerably active in the past few days. The market had obviously sensed the coming merger of the Bank of Baroda Ltd with Tata Chemicals and had apparently calculated that this merger would be to the benefit of the two. On Tuesday, Tata Chemicals closed firm at Rs 32.50 gaining more than three points during the course of the day and shares of Bank of Baroda Ltd moved up by four points to Rs 122. The merger scheme was approved by the boards of directors of the two companies on Wednesday. The scheme will be implemented after the approval by the members of the two companies at meetings to be called under the directions of the High Court. Under the terms of the proposed amalgamation a holder of every five shares of the Bank of Baroda Ltd will receive (a) nine ordinary shares of Rs 10 each of Tata Chemicals and (b) five 8 per cent debentures of Rs 100 each of Tata Chemicals (secured by floating charge and redeemable at par at the end of 12 years). Those shareholders of the Bank of Baroda Ltd who do not wish to accept the scheme of amalgamation will be entitled to opt for payment in cash at the rate of Rs 135 per share of the Bank of Baroda Ltd.

The bank received a total compensation of Rs 8.40 crores following nationalisation. Tata Chemicals has a major expansion programme in view and it is also awaiting clearance from the Government for its proposed Rs 50-crore fertiliser project at Mithapur. Additional resources provided by the shareholders of the Bank of Baroda Ltd would help Tata Chemicals in this expansion. □

New import policy

THE import policy of the Government has assumed in the past two or three years far more significance than in the past. For one it no longer has the character of just an import policy. It is more of a foreign trade policy that seeks to provide some answers as to how imports are to be geared for increased production to create more exportable surpluses. It is also important because of the faith that the Government is increasingly placing in State trading. It is, therefore, not surprising that at mid-week there should have been considerable speculation as to what the new import policy, about to be announced, will hold.

The import policy for 1971-72 is sure to reflect the Government's determination to fulfil its election pledges. In the sphere of trade an important commitment of the Government is to increasingly canalise imports through State agencies. Already 70 per cent of the import trade is handled either directly by the Government or its agencies. The new import policy will provide for a further increase in the State's share of imports. It is reported that among the items listed for canalisation

this year are some chemicals, drugs and raw materials and metals.

In pursuance of its promise to encourage the small man in the business field the Government may announce in the import policy some additional facilities or incentives for entrepreneur importers in the small-scale sector. Similarly the weaker sections of the community and the handicapped are likely to benefit from the policy. This may be sought to be done through liberal import of hospital equipment, gadgets for the deaf and dumb, books and the like.

Since it is admitted on all hands that the solution to the economic problems facing the country lies in increased production, the import policy will be so designed as to make it a major instrument for stimulating production. In other words, liberalisation of the import of items needed for fuller utilisation of capacity in certain industries is very much on the cards. Further, the comfortable external reserves position of the Government is a factor in favour of liberalisation. It is, however, certain that in trying to meet the import requirements of industries the new policy will give preference to those engaged in exports. In fact, the objective of increased production is not only to meet the growing internal demand but also to step up exports substantially. The prospects in this regard are indeed very bright. For instance, India can make good the large gap that will occur in the world supply of jute goods because of the calamitous happenings in East Bengal which have practically crippled Pakistan's jute industry. The import policy, therefore, is likely to give special attention to the needs of the jute industry with a view to maximising its exports and encouraging it to expand quickly.

A distinctive feature of the new policy will be greater integration of imports with exports. In order to carry this process further barter deals on an increasing scale are expected to be put through in future. Under the policy the class of established importers will further diminish. So long as the bulk of the import trade was handled by them the red book published by the Government annually had some relevance. But has it now when imports, by and large, are allowed to actual users? □

IOB Ltd collects surplus

THE amount of Rs 10 lakhs recently paid by the Government to the Indian Overseas Bank Ltd is no extra compensation because of the takeover in July 1969. Official sources point out that under the nationalisation law branches in Malaysia of the three erstwhile banking companies—the Indian Overseas Bank Ltd, the United Commercial Bank Ltd and the Indian Bank Ltd—were not nationalised. What had happened was the Malaysian branches of these banks were being managed since July 1969

by the concerned nationalised banks as agents of the erstwhile banking companies. And so the "surplus" which would include profits and some other items, would have to be paid to the erstwhile banking companies assuming, of course, the operations of these branches did result in a surplus. In the case of the Indian Overseas Bank Ltd this surplus was estimated at Rs 10 lakhs after a valuation of the business done in its five Malaysian branches and this has now been paid. Valuation of the business of the three branches of the United Commercial Bank Ltd and five of the Indian Bank Limited is reportedly completed and these are now being discussed with the erstwhile banking companies for payment of any surplus if due.

Meanwhile, the Government is finalising a new set-up for all these Malaysian branches of the nationalised banks. A company will be registered in Malaysia in which the three concerned new nationalised banks would hold one-third of the share capital, which means they would be major, but not majority, shareholders. The rest of the capital would be subscribed by Malaysians and Indians residing in that country. Such a set-up would conform to the Malaysian laws which do not permit the functioning of foreign government-owned banks in the territory. □

Search for cheaper cloth

NEW Delhi reports suggest that no solution has yet been found for increased production of controlled varieties of cloth and that the Foreign Trade Minister, Mr L. N. Mishra, would perhaps have to take a decision himself. The special committee appointed to study the problem of a change in the production pattern has reportedly submitted its report. Although details have yet to be made public, informed sources claim that the committee has underscored the need for extreme caution and a policy of hastening slowly in regard to the changes contemplated.

The private sector would appear to feel that the lead should come from the units run by the National Textile Corporation and other Government-run mills since the Government is now the biggest millowner. It would be easy for the Government in their case to provide for some sort of built-in subsidy for the production of controlled varieties whose sale at the currently fixed price is uneconomic. Meanwhile, it is being said that the possibility of introducing differentials in the penalty for non-fulfilment of obligation to produce controlled varieties cannot be ruled out. Some of the mills, which are admittedly better off, may be called upon to pay a higher penalty if they do not want to go in for the production of Janata cloth so that the burden on the marginal mills could be lightened to some extent. □

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SURVEY

THE IDLE COTTON SPINDLES

THE cotton textile industry produced more yarn and more cloth during 1970 than in 1969 despite the difficult supply position of cotton. In fact, the output of yarn at 969 million kg was the highest during the past decade though cloth production at 4,182 million metres was lower than that of 4,701 million metres in 1961. Obviously, more spindles and looms were at work last year than in 1969. But with all that, according to Mr Chandrakant M. Khatau, Chairman of the Millowners' Association, Bombay, about four million of the 1784 million spindles installed were idle because of non-profitability of production due to high prices of cotton. Mr Khatau has suggested that it would be better to put to effective utilisation these idle spindles rather than add new spindleage, and has argued that this could be done by allowing inter-mill sales of spindles so that mills which are in a position to enlarge their capacity could do so out of the idle spindles. This is actually an invitation to the Government to take a fresh look at its licensing policy with regard to textile mills and not to allow consideration of concentration of economic power to dominate it. Presumably, it is also Mr Khatau's case that better utilisation of the existing capacity would mean better use of resources and possibly more employment too.

But Mr Khatau has not made clear how many of the four million spindles could actually be put to use since many of them must have been worn out. This issue is all the more relevant in the context of Mr Khatau's plea that the cotton textile industry must modernise itself fast if cost reduction is to be achieved and we are to maintain and improve our exports in difficult markets. He has pointed out that a committee set up by the Government has already submitted a report on the question of import of sophisticated machinery for the modernisation of the industry and has pleaded that the Government should take a speedy decision on it. Nevertheless, there is justification in the suggestion that before more spindles are added, the existing ones should be put to full utilisation. This becomes all the more important when we know that there is not enough of cotton to go round and that supplies of raw materials limit the production of blended and mixed fabrics. It is not as if cotton production cannot be increased, but, unfortunately, the half-hearted efforts put in by the Central and State Governments as also by the industry have not yielded encouraging results so far. It is also possible to increase the output of mixed and blended fabrics if the Government decides to be liberal in its licensing policy. It would be right in attaching to such licences a condition that the entrepreneurs must earn all their foreign exchange for raw materials through exports of finished goods. The Government, however, will never succeed in ensuring adequate and cheaper cloth to all the sections of the community unless it helps create conditions for increased production of cotton, mixed and blended fabrics. □

BITTER DRUGS

IT is the normal function of a representative organisation of an industry to put forth its members' difficulties. And this the Organisation of Pharmaceutical Producers of India has done ably through its President, Brig B. S. Bhagat, at its recent annual meeting. He has highlighted the confusion caused in the drug industry and trade by a series of amendments and clarifications issued to the Drugs Price Control Order, which resulted in at least four million copies of price lists being issued by the industry. Brig Bhagat has gone further to hint that this Order will have serious consequences for the future growth of the industry which may find itself short of resources to undertake the task of meeting the demand for drugs which is expected to rise at an approximate rate of 15 per cent per annum. But it is good that he has sought to provide a cover for himself by saying that the full effects of the Order on the financial results of the companies could only become evident after they have operated for a full financial year under the current provisions of the Order. Otherwise, the recent announcements of dividends and bonus issues by some of the pharmaceutical companies would have seemed to be pointing in the other direction of the Order not having made any particular difference to the fortunes of the pharmaceutical industry. In fact, the public at least does not believe that the Government has made a success with its Price Control Order and, on the other hand, is convinced that the rationalisation in the price structure sought to be achieved has been more to the benefit of the industry than to that of the public.

It is time that the pharmaceutical industry stopped making a grouse about the Price Control Order and instead concentrated its efforts on cost reduction. It is true it is handicapped here by the rise in the cost of ingredients and scarcity of raw materials of the right specifications. The pool pricing scheme may also be working to its disadvantage and the implementation of the industrial licensing policy may be confused. These difficulties should not be minimised, but they will not be solved by the constant harping of the industry on the theme that its profits are being cut down by Governmental action. On the other hand, this complaint, repeated on every possible occasion, is projecting a bad image of the industry before the public. It must learn to live with controls while, at the same time, impressing on the Government that the expansion of its capacity is imperative if for no other reason than that of meeting the growing demand for drugs. It is in the economies of scale that it must seek a solution to meet its social obligation to the community to provide drugs at prices which a developing country can bear and an adequate return for itself to keep on growing. If there is a lack of atmosphere of mutual trust and confidence to which Brig Bhagat has referred, let it not be overlooked that in part the industry is responsible for it. □

FREIGHT EXPLOSION

ANOTHER freight rise on the important trade route of India-UK-Continent is now in the offing. The discussions between a delegation of the India-Pakistan-UK-Continent Conference (Karmahom) and shippers in this country have had a good result in that Karmahom has agreed not to raise the freight rate on oilcakes which bring us sizable foreign exchange. It is also possible that the next hike in freight will be in August, instead of in June, and also not of the order of 15 per cent as earlier contemplated. But a rise of 7½ per cent to 10 per cent looks unavoidable.

The discussions last week were notable for one factor. There was no confrontation between the representatives of the shipping lines and of the shippers as has been the case in the past. The Chairman of the All-India Shippers' Council, Mr L. N. Birla, himself did concede that the liner conferences were faced with higher operational costs. And he even agreed that, as a special case, there could be a general increase in freight rates of 7½ to 10 per cent. This accommodating spirit should be reciprocated by Karmahom. The leader of the Karmahom delegation, Mr L. G. Hudson, has expressed inability to give a guarantee sought by Mr Birla that there would be no further increase during the next two years. This is rather unfortunate. But the other suggestions made by Mr Birla are such as could be agreed to by Karmahom. These include that commodities which were facing severe competition and new and promotional items of India's exports be exempted from the freight increase, no commodity be subjected to a higher increase than the general increase, the London surcharge be abolished, the Suez surcharge be reduced and the conference provide adequate shipping services. It is the last point which needs to be emphasised. The shippers have the right to expect that the conference lines would provide adequate shipping space, whenever needed, in return for the higher charges that would be recovered from them for the transport of goods. Unfortunately shipping services have in the recent past been far from satisfactory and this has, on several occasions, held up our exports. Even while conceding that liner shipping is not as profitable as in the past, it cannot be overlooked that one of the major declared objectives of conferences has been to provide adequate services. □

PROP FOR BACKWARD AREAS

THE Government of India is rightly seized of the problem of reducing economic disparities among the various areas of the country. This is an issue which is exercising the mind of the people in industrially backward areas. The Government has already announced some time back a subsidy payable to existing units in the backward areas if they undertook the programme of expansion or diversification leading to an increase in production by at least 25 per cent of the average annual output. It has now decided to offer a subsidy to the extent of 50 per cent of the transport cost of both the raw materials

and finished products. This subsidy will be available to all new industrial units to be set up in industrially backward areas. This scheme is made applicable to Jammu and Kashmir, Assam, Meghalaya, Nagaland and Tripura and the Union Territories of NEFA and Manipur. From the list of the States and Union Territories to be covered by this scheme it is clear that the Union Government wants industries to be established in our northern and eastern areas. Apart from the economic advantage, the scheme will help in inducing small entrepreneurs to set up units and thus attract larger population to these regions which are at the moment sparsely populated. The road system in these areas is now fairly developed and motorised transport could easily operate on these roads. While they were constructed primarily for security purposes, they can now also offer economic advantages to these areas. □

GOOD-BYE TO PROHIBITION ?

TWO pre-poll decisions of the DMK Government, namely the implementation of the Second State Pay Commission's recommendations and the abolition of the basic tax on wet lands in five-acre and smaller holdings, were expected to cost the exchequer as much as Rs 25 crores a year. It was then thought likely that, after the election, the Government would scrap prohibition to make good this amount. The first shot in this direction was fired recently by the DMK General Council by a resolution which called for re-examining the desirability of continuing prohibition. The resolution also said: "Apart from not heeding the repeated appeals of the State Government that the prohibition policy should be taken up at the Central level, the Government of India has failed to come to the rescue of the State by providing special funds to meet the loss of revenue on account of prohibition." The DMK General Council's resort to the tortuous course of justifying the scrapping of prohibition—a policy generally liked by women—is in tune with its familiar strategy of blaming the Centre for everything. In view of the improbability of the Centre compensating the State for the entire loss of excise revenue, prohibition is not likely to be in force in Tamil Nadu much longer. □

STATE BUDGET

Himachal Pradesh

THE Finance Minister of Himachal Pradesh, Mr Karan Singh, presented the 1971-72 budget to the State Assembly on April 16. This was the first budget of Himachal Pradesh after it attained full-fledged Statehood in January this year. The total receipts are placed at Rs 79.88 crores which include domestic receipts of Rs 31.63 crores, and Rs 48.25 crores expected grants-in-aid and other loans from the Union Government. On the other hand, the total expenditure is estimated at Rs 80.18 crores, thus showing an overall deficit of Rs 30 lakhs which is the lowest among the budget deficits of all the States, except Orissa which showed a surplus of Rs 33 lakhs. The Finance Minister has not proposed any new taxes and the entire deficit has been left uncovered.

The 1971-72 Annual Plan outlay of Himachal Pradesh is placed at Rs 20.82 crores, which is higher than the previous Annual Plan by about 23 per cent. As the Finance Minister stated, almost every important sector of the State's economy has been allocated larger funds than ever before. □

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	Apr. 10, 1971	Apr. 3, 1971	Mar. 13, 1971	Apr. 11, 1970	Over a week ago	Over a month ago	Over a year ago	Over two years ago
Food articles	202.3	200.8	203.7	201.2	0.7	-0.7	0.5	8.4
Industrial raw materials ..	190.7	194.2	193.2	187.6	-1.8	-1.3	1.7	11.1
Manufactures	161.2	161.4	160.5	149.0	-0.1	0.4	8.1	15.4
All Commodities	181.8	181.7	182.5	176.7	0.1	-0.4	2.9	10.0

Money and Banking

(Rs crores)

	Apr. 16, 1971	A week ago	A month ago	A year ago	Percentage variation		
		Apr. 9, 1971	Mar. 19, 1971	Apr. 17, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply	7,346 (a)	7,315	7,093	6,575	0.4	3.6	11.7
Bank credit	4,715	4,740	4,664	3,991	-0.5	1.1	18.1
Bank deposits	5,953	5,933	5,843	5,091	0.3	1.9	16.9
Credit/deposit ratio ..	79.20	79.89	79.82	78.38	..	..	..
Foreign exchange reserves ..	796 (c)	785 (c)	798 (c)	843	1.3	-0.4	-5.7

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/ Index			
Industrial production (seasonally adjusted) ..	1960=100	Nov. 70	179.0	179.1	-0.1	4.8
Exports	Rs crores	Jan. 71	144	151	-4.6	-0.7
Imports	Rs crores	Jan. 71	157	132	18.9	21.7
Trade balance	Rs crores	Jan. 71	-13	+19	..	..
Foreign exchange reserves ..	Rs crores	end-Mar. 71	772 (c)	780 (c)	-1.0	-0.4
Cost of living index ..	1960=100	Feb. 71	184	184	..	4.0

ANNUAL INDICATORS

	Unit	1969-70	1968-69	1964-65	Percentage variation in 1969-70 over 1968-69	Annual rate of growth between 1964-65 and 1969-70
National income at 1960-61 prices ..	1960-61=100	134.4 (a)	127.4	119.7	5.5	2.3
Per capita income at 1960-61 prices ..	1960-61=100	108.0 (a)	104.9	108.7	3.0	-0.1
Agricultural production ..	1949-50=100	169.9	169.5	169.4	5.8	1.0
Foodgrains production ..	Million Tonnes	99.5	94.0	89.0	5.8	2.3
Industrial production ..	1960=100	174.5	163.7	144.8	6.8	8.9
Exports	Rs crores	1,409	1,354	1,286 (b)	4.1	1.9
Imports	Rs crores	1,568	1,909	2,126 (b)	-17.9	-5.9
Trade balance	Rs crores	-159	-555	-840 (b)	..	..
Foreign exchange reserves (year-end) ..	Rs crores	821	577	393	42.3	15.9
Money supply (average) ..	Rs crores	6,009	5,428	3,866	10.7	9.2
Bank credit (average) ..	Rs crores	3,583	3,107	1,808	15.3	14.7
Bank deposits (average) ..	Rs crores	4,731	4,079	2,467	16.0	13.9
Wholesale prices (average) ..	1961-62=100	171.5	165.4	122.3	3.7	7.0
Cost of living index —working class ..	1960=100	177	174	129	1.7	6.5

Notes :

(a) Estimated by Commerce Research Bureau.

(b) At post-devaluation rate.

(c) While estimating foreign exchange reserves, SDRs transactions that might have taken place February 28, 1971 have not been taken into account.

(d) The figures indicate percentage change during the current calendar year upto the month indicated as compared to corresponding period in the preceding calendar year.

THE WEEK

THE freedom fighters of Bangla Desh suffered major reverses last week following a thrust by the Pakistani army towards Sylhet's border with Assam. The Pakistani army took control of Sherpur Ghat, Feni in Naokhali district, Mymensingh and many other centres previously held by the freedom fighters.

Islamabad decided on April 24 to close down her mission in Calcutta and asked India to close her Dacca mission. This followed a Pakistani allegation that India failed to accord the "necessary facilities" to the Pakistani Deputy High Commissioner, Mr Mehdi Masud, in Calcutta. On April 25, the Indian Foreign Ministry informed the Pakistani High Commissioner in New Delhi that Islamabad should provide categorical assurances of safe repatriation of personnel as well as protection of archives and documents of the Dacca mission. In reply, the Pakistani High Commissioner informed that this would be done on the basis of strict "reciprocity" which meant that India would have to repatriate all members of the Pakistani mission in Calcutta, including those who defected for Bangla Desh. New Delhi promptly rejected this interpretation of "reciprocity." According to reports available on April 27 and 28, members of the Indian Deputy High Commission in Dacca were under virtual house arrest. The police in Calcutta were keeping vigilance on the movements of the West Pakistani staff of the erstwhile Pakistani Deputy High Commission in Calcutta.

Mr C. Subramaniam was sworn in as Union Minister for Planning by the President, Mr V. V. Giri, on April 24. Mr Subramaniam is also to be designated as Deputy Chairman of the Planning Commission in succession to Dr D. R. Gadgil who relinquishes office on May 1.

Dr Harekrushna Mahatab tendered his resignation on April 27 from his position as the leader of the Congress (R) Legislature Party in Orissa.

Mr Chimanbhai Patel, a former Gujarat Minister, was unanimously elected on April 24 as the leader of Congress (R) Legislature Party in Gujarat. Mr Patel replaces Mr Kantilal Ghia.

Exports rose in 1970-71 by about 8.5 per cent thus exceeding the Fourth Plan target of 7 per cent, according to the Foreign Trade Minister, Mr L. N. Mishra. The figure for the first 11 months (April 1970-February 1971) was Rs 1,395 crores or Rs 100 crores more than the corresponding period of the preceding year. Exports during March 1971 are expected to total Rs 135 crores, which means the total exports for 1970-71 would be Rs 1,530 crores against about Rs 1,413 crores for the preceding financial year.

The International Development Association (IDA) has announced two credits to India (totalling \$153 million (Rs 115 crores) for the development of telecommunications and the electric power transmission programmes. Telecommunications get \$78 million and the power transmission programme \$75 million. The total IDA credits to India during the current World Bank's fiscal year ending in June come to about \$183.1 million.

The Union Government decided on April 23 to provide transport subsidy for

industries started in certain States and Union Territories as a further incentive to entrepreneurs to establish industries in far-flung and remote areas of the country. The extension of subsidy offered will be 50 per cent of the transport cost of both the raw materials and finished products for all industrial units to be set up in industrially backward areas. The States covered under the scheme are Jammu and Kashmir, Meghalaya, Nagaland, Tripura and the Union Territories of NEFA and Manipur. (See also Survey.)

Mr P. L. Tandon, Chairman of the State Trading Corporation, announced on April 23 that the STC would enter the bill market next week. All arrangements had been made in consultation with the Reserve Bank for the STC to discount the trade bills and utilise its surplus funds.

The India-Pakistan/UK and Continent Conference decided on April 24 not to increase the freight rate on the export of Indian oilcake during this year.

The Union Government has decided to allow cash assistance to joint ventures for exports on par with those for exports of machinery and equipment. At present cash assistance for exports of machinery and equipment is being allowed only in the case of joint ventures where machinery and equipment form part of Indian participation. But such assistance does not exceed 10 per cent of the f.o.b. value of the exports in the case of joint ventures. The Government has now decided to treat joint ventures on the same footing as normal exports.

The Punjab State Electricity Board decided on April 27 to allow free supply of electricity for domestic use to all its class III and class IV employees. Class III employees will get 30 units a month free while class IV employees will get upto 20 units.

The Bata Shoe Company Private Ltd has declared closure of its factory, establishments and offices at Batanagar near Calcutta with effect from April 25. The services of all employees have been termi-

nated except of those "who have been specifically advised otherwise".

After a two-day flight highlighted by a link-up with the orbital space station Salyut-1, Russia's three-man space mission Soyuz-10 returned to earth on April 25. Claimed to be part of "a series of important tests and technical experiments", the Soyuz mission is credited with Soviet efforts to construct a space station.

President Francois (Papa Doc) Duvalier, dictator of Haiti died on April 21 at the age of 64. Papa Doc ruled his Negro republic with a combination of terror and black magic.

Sweden lowered its Bank rate on April 22 from 6.5 per cent to 6 per cent.

Money easy

Conditions in the Bombay short-term money market were easy as of Tuesday. The demand for funds was maintained. In the inter-bank call section both renewals and fresh money were reported at 6 per cent. In the Calcutta market the rate ruled at 5 per cent.

Price index steady

During the week ended April 10, 1971, the Index Number of the Wholesale Prices recorded a nominal increase of 0.1 per cent to 181.8. At this level, the index was 2.9 per cent above its level a year ago.

PEOPLE

BRIG B. S. Bhagat has been elected President of the Organisation of Pharmaceutical Producers of India for 1971-72.

Mr H. K. Jain has been elected President of the Federation of Hosiery Associations of India for 1971.

Mr N. H. Attreya has been elected President of the Management Consultants' Association of India for 1971-73.

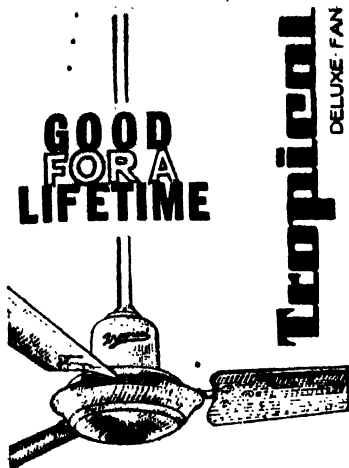
Mr A. L. Taylor, General Manager of IBM World Trade Corporation, has been elected President of the Indo-American Chamber of Commerce for 1971.

50 years ago

There were many signs indicative of an approaching improvement in trade, here and abroad, when the great labour crisis set the clock back in the homeland. By the threatened upheaval this gratifying revival was most regrettably checked, and although the general strike of railway men and transport workers was thwarted by a mere fluke the coal problem still awaits settlement, the verbal thrusts and parries between owners and miners having so far resulted in nothing but tantalising inactivity. The embryonic trade movement is thus deprived of fructification; and the British taxpayers have the mortification of knowing that they will eventually be called upon to foot the bill for military and other emergency measures,

costing something like £250,000 daily; for until the miners settle down to honest work the country must remain on the defensive. Britain, we are informed, is short of fourteen million tons of coal, industry being thus paralysed, capital being thus wasted, widespread misery and unemployment being thus created. British merchandise is losing the foreign markets it has hitherto possessed; American coal is arriving in Liverpool; and the nation is painfully reminded once more that the production, distribution and proper utilisation of coal are matters of vast national importance, and that, when supplies cease, chaos, industrial disorganisation and wretchedness ensue.

COMMERCE
April 30, 1921.



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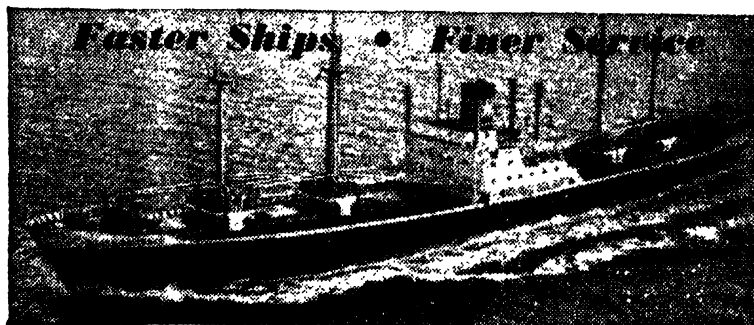
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REPORT

THE NATION

From Our Own Correspondents

A challenge to bank employees

NEW DELHI

THE Union Finance Minister, Mr Y. B. Chavan, has hinted at selective liberalisation of bank credit. At the end of a two-day meeting with the custodians of the nationalised banks, Mr Chavan told correspondents that the resources position of the banks had eased in recent weeks and in this context there could be some credit liberalisation. The Finance Minister's statement could provide comfort to some of the industries which have been complaining about the credit squeeze. Particularly the cotton textiles industry and the sugar industry have made representations to the authorities about the difficulties created for them by the recent credit squeeze. But it yet remains to be seen in what direction this selective liberalisation will take place. There were enough provisos added by the Finance Minister himself on the opening day of the conference when he addressed the custodians.

First, Mr Chavan made it clear that the needs of the priority sectors must be fully met though, at the same time, the banks should ensure that no productive effort was starved of credit. By and large, he was satisfied that the banks were meeting the credit needs of the priority sectors but there was a hint in his speech that the small man was still being ignored. He said that it was unfortunate that whenever the credit squeeze came about, the worst sufferers were the small borrowers, especially in the neglected sectors, because it was easier to deny credit facilities to them than to the big borrowers. In so many words he told the custodians that the banks were not scrutinising properly the loan applications from the larger parties.

The bankers were quick to take the hint. They agreed that there should be a close scrutiny of applications for bank loans. Where there was a big gap between the sum utilised and the credit limits sanctioned, it was agreed, there should be an attempt made to narrow this gap while renewing the credit limits. Such a policy would help discipline the borrower and lead to better inventory control. There was nothing new in this. In fact, the Dehejia Committee had drawn particular attention to this problem. In recent months the banks had also been levying a commitment charge on unutilised credit and had sharply curtailed the limits sanctioned to many of the borrowers. It is, therefore, not clear as to what further steps the nationalised banks propose to take to bring about the desired discipline.

The bankers and Mr Chavan himself, at the same time, considered that there could not be a uniform policy for all the banks in the allocation of credit. While broadly they will have to be guided by a credit policy for the entire banking system, individual banks must enjoy some flexibility in credit allocation. This was necessary because individual banks would have to take into account the areas they served.

There was considerable discussions on the branch expansion programme parti-

cularly in the context of the emphasis that Mr Chavan laid on deposit mobilisation. The Finance Minister, while welcoming massive branch expansion programme, drew attention to the creation of some inter-State and inter-district variations in terms of population coverage, credit and credit-deposit ratios. He felt that a close and critical review by each bank of the new offices opened by it last year should prove useful in the formulation of guidelines for the future of branch expansion.

It was inevitable that this meeting should have also taken note of the complaints that the customer service had deteriorated after nationalisation of banks and that policy decisions taken by the boards of the banks were not being translated into practice immediately. In fact, Mr Chavan used the word "tardy" in this connection. But banking services can improve if the employees co-operate with the officers and it was, therefore, good that Mr Chavan met also the bank employees to emphasise this point. The Union Labour Minister, Mr R. K. Khadilkar, was more forthright at this meeting and suggested that through total involvement and active participation, bank employees should present to the public not the image of a confirmed agitator but that of a partner in progress. The representatives of employees have promised the Finance Minister all co-operation in achieving the objectives of nationalisation. The responsibility will be all the greater on them now since in the new boards of directors of the nationalised banks to be set up by the end of June there will be representatives of employees. Inside the board rooms they will have to be constructive in their suggestions and at the counters show all eagerness to serve the customer. □

PLANNING COMMISSION

Politician-technocrat at the helm

NEW DELHI.

WITH the appointment of Mr C. Subramaniam as Planning Minister as well as the Deputy Chairman of the Planning Commission—he will assume charge of the latter from May 1 when Dr D. R. Gadgil relinquishes charge—the much-advertised but long overdue process of overhauling the planning machinery has begun. Obviously, the Prime Minister has found that the system introduced four years ago under which the office of the Planning Minister and Deputy Chairman was bifurcated and held by different persons has not worked well. This was done at the instance of the Administrative Reforms Commission which had recommended that the Planning Commission should function more as an advisory body and that its Deputy Chairman and members should be able to go ahead with the task of

planning fairly independently. The idea was that by divesting the head of the Commission of ministerial responsibilities and excluding other Ministers from it the planning machinery will be less subject to political pressures and pulls. Since, however, the Government was answerable to Parliament for any act of omission or commission of the Planning Commission, the Prime Minister as Chairman of the Commission should hold the planning portfolio which Mrs Indira Gandhi did.

The system had some merit in that it helped to create conditions under which the Commission could function with relative detachment. At the same time it had a major drawback. It relegated to the background the overseeing duties of the Commission vis-à-vis the executing ministries and departments, which are essential for proper and timely implementation of Plan programmes and projects. It is public knowledge that the progress of the Fourth Plan during the first two years of its span has been extremely tardy. There was shortfall of Rs 120 crores in Plan expenditure in 1969-70. This, on a rough estimate, increased to Rs 160 crores last year. Some of the ministries and departments have not been able to spend the funds allocated to them for development schemes. This indeed is a new trend which is quite disturbing for, in the past, even if the ministries failed to achieve the physical targets in respect of the schemes and programme under their control they generally fulfilled the financial targets.

The reason for this is the implementation of the scheme has gone from bad to worse. The Planning Commission cannot be held responsible for this but the system under which it had been functioning has not permitted it to play even the role of a watch dog in regard to the implementation.

Mrs Gandhi has rightly reverted to the system under which the office of the Planning Minister and of the Deputy Chairman were combined in one person. This by itself will not lead to better implementation of the Plan schemes or contribute to better performance of the Fourth Plan. But her choice of Mr Subramaniam for the job is a step in the right direction. With his wide and varied experience as a Minister at the Centre and in the erstwhile State of Madras and the sound and practical knowledge of agricultural and industrial problems he should restore to the Planning apparatus the élan it possessed and the respect it commanded from the Ministers at the Centre and the State Governments. He is an unusual example of a politician who is a technocrat as well. □

SMALL-SCALE INDUSTRIES

Afro-Asian co-operation in sub-contracting

NEW DELHI.

THE second Afro-Asian conference on small industries, which held a five-day session in New Delhi last week, has asked

member-countries to make, as a matter of policy, the development of small-scale industries an integral part of their overall industrial programme. This stems from their realisation that unemployment, which is widespread in their countries, can be effectively tackled only by stimulating the growth of industries in the small-scale sector. The development of small industries undoubtedly is the best way of enlarging job opportunities at a relatively low capital cost. Though many developing countries have attached to small industries the importance they deserve, in practice, they put the accent on large and capital-intensive industries. The anxiety for rapid economic development had much to do with this and consequently a kind of "industrial verticality" is very much in evidence in some of them.

However, growing poverty and unemployment, in spite of the industrial progress made by them, require that their industrial programmes should be broad-based so that small industries which provide a solution to some of the formidable problems faced by the developing countries are enabled to come into their own. Recognising this, the Afro-Asian conference has urged the creation of a national organisation in each country for the speedy and co-ordinated development of small-scale industries. In some of the countries the small entrepreneurs have to deal with far too many agencies of the Government, which results in delays in providing assistance to them and causes frustration among them. Therefore, a unified organisation of the type envisaged by the conference will facilitate the growth of small industries.

An important function of the national organisation should be to forge proper and enduring links between the small and large industries so that they complement each other's role in the industrial development of the country. In other words, the larger units, instead of making all the components and accessories themselves, should encourage the small-scale sector to produce as many of these as possible for them. Some countries have made a beginning in this direction. But much will have to be done before this becomes a major feature of industrial development in the developing countries. While the governments concerned must improve their arrangements for the supply of the machinery and raw material and the provision of capital to the small-scale industries, the big units must assist them with the latest technical know-how and guide their operations.

In this connection, a relevant question is whether the small-scale sector should be encouraged by positive steps or through policy measures of a negative or restrictive nature. For instance, in India a large area of production, covering several items, has already been reserved for production in the small-scale sector. There is no doubt that this section needs to be protected against competition from units with larger resources and better technical capabilities, but the best way of doing this is to provide them assistance to overcome their competitive weakness rather than prevent others from contributing to increased production which, in the prevailing situation of shortages all round, is a crying need.

Actually, there will be no need for a negative approach to this problem once

the larger units step up their production activities and go in increasingly for sub-contracting. This, more than anything else, will help the small industries to develop rapidly. But sub-contracting should not be confined to national boundaries. Consequent on the scarcity of labour and high labour costs, many advanced countries are having recourse to sub-contracting for obtaining from other countries some of the components and accessories that go into their end-products. The countries of Asia and Africa can greatly benefit from this trend in the advanced countries if they can gear their production in the small-scale sector to meet their requirements in terms of quality, prices and delivery schedules.

International sub-contracting has immense possibilities of co-operation among them in building up the small-scale industrial sector. Hitherto, co-operation among them has been confined to technical and other matters. An important outcome of the Afro-Asian conference is that this co-operation will be extended to the field of small-scale industries. A seven-nation standing committee has been set up to give shape and content to the concept of regional co-operation for the development of small-scale industries. It will hold meetings periodically to help implement the programme for co-operation. The first meeting of the committee has already been held in New Delhi and the next will be in Teheran in August.

Encouraged by India's experience in the development of small-scale industries, President V. V. Giri, who inaugurated the Afro-Asian conference, offered this country's help to the delegates of 26 countries participating in the conference in promoting their own small industries on a bilateral or multilateral basis. During the last decade the number of units in the small-scale sector in India had increased from 36,000 to 190,000. They have been contributing increasingly to the total annual industrial production of the country. The productivity gap between small industries and the mechanised large-scale units is being narrowed, thanks to the adoption of improved techniques and the installation of modern equipment by the former. Consequently, the small-scale sector is now capable of producing not only sophisticated consumer goods but also produces goods such as precision instruments, machine tools and industrial equipment. Besides, the total exports from small-scale units last year exceeded Rs 80 crores. It is a tribute to the rapid strides that India has made in the small-scale industries' sector that many of the countries of the two

regions which participated in the conference have sought India's assistance. □

MYSORE

Breathing time for Congress (O)

BANGALORE

MYSORE is in for a long spell of President's rule. It was a clever political move on the part of the dislodged Chief Minister, Mr Veerendra Patil, to have called off his Ministry-making efforts at the last minute even though he was well set to provide an alternative Ministry on the basis of the strength of his own party—100 Congress (O) members—and backed by the support of about 15 members belonging to other parties. The Congress (R), despite commanding a majority of 120 in the 216-member State Assembly, was unable to form the Government because of the in-fighting in the party. The third bloc, with a strength of 20 members belonging to the SSP, the Jana Sangh, the Swatantra and Independents, could not muster enough strength to form a minority Government.

A large majority of the MLAs of all parties had not taken kindly to the idea of the dissolution of the State Assembly. This point was cashed in on by Mr Veerendra Patil particularly after the Congress (R) dropped the idea of Ministry formation. In the process, more than 35 Congress (O) members who had earlier defected to Congress (R) retraced their steps into the Veerendra Patil camp, raising its strength to 100. While Mr Patil was under great pressure from not only his own partymen but also some members of the Congress (R) to form a new Government, he had second thoughts that such a ministry would be exposed to the risk of constantly functioning under the mercy of defectors whose loyalty could not be taken for granted. It was also felt that the Veerendra Patil Ministry had resigned gracefully and while in office it had created a very good impression. Such a favourable public image of the party would be spoiled if it entered the Government through the backdoor. Also, the mid-term Lok Sabha poll verdict had gone against the Congress (O). Under such circumstances, the people would not take kindly to the party if it tried to get into power again.

Having played its cards skilfully, the Congress (O) has reaped a number of political advantages. Even as the Con-

WANTED

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gress (O) was scared of an Assembly mid-term poll in May so soon after its debacle in the Lok Sabha mid-term poll, by encouraging the third bloc's Ministry-making move it kept the kettle boiling and more time was lost making a mid-term poll in May impossible. According to the Governor, Mr Dharma Vira, the poll could now

be held only after October next. Yet the future of the Congress (O) hangs in balance with a large chunk of the legislature wing eager for a merger with the Congress (R). Reports say that the response from the Congress (R) was not encouraging. In the circumstances, the Congress (O) partymen

are biding their time until after the organisational elections are over. The expectation is that the old guard in the Congress (O) top leadership would bow out of the scene and younger elements might take over. Mrs Gandhi would then have not much objection to the re-union of the two factions. □

REPORT

THE WORLD

From Our Own Correspondents

Lucrative switch trade in cashew

THE man who first discovered that there are three kinds of lies—lies, damned lies and statistics—probably had been working with trade statistics. For several years now Indian and Common Market officials have found themselves in disagreement over the exact volume of India's exports to the Community. In a number of cases the figures recorded by the EEC's statistical services have proved to be higher, suggesting that India's export performance was not so bad after all.

For a variety of (technical reasons the Indian figures of exports to the EEC will never coincide with the Community's figures. But there are cases where the difference is so large as to make a more detailed examination imperative. This is the case as regards India's cashew exports, for example. The accompanying table gives the figures for the 3-year period from 1967 to 1969, the figures reported by the Department of Commercial Intelligence and Statistics (DCIS) being shown in the first column in each case and those by the Statistical Office of the European Communities (SOEC) in the second.

While several of these figures tally, there were two important exceptions in 1969: the EEC's figures for both Germany and Belgium were substantially above the corresponding Indian figures. All the figures for 1970 are not yet available, but in the case of Germany cashew imports from India came to 907 tons according to the Community and only 385 tons according to the DCIS. There is a similar discrepancy for Belgium: the figures for the first 9 months of 1970 is 136 tons in one case and 51 tons in the other (DCIS).

International trade moves in mysterious ways, so that it is not altogether easy to explain such differences. The most reasonable explanation seems to be that there is a good deal of switch trading in cashews with Eastern Europe, much of it centred in Hamburg and, if to a much lesser ex-

tent, Antwerp. In other words, Indian cashews imported into Eastern Europe (under the rupee payment agreements) seem to be finding their way to the West European market, to the benefit of Europeans but not of Indians.

Ironically enough, this increased switch trading is a tribute to the efforts of the Cashew Council's European office. It must be accepted that the efforts to promote European consumption of Indian cashews are proving so successful that certain East European countries (although not the Soviet Union) are taking advantage of them to unload on the West European market what, after all, is a luxury item in the context of their own economies. And what is more, because of the efforts of the Council's European office they apparently are getting increasingly higher prices.

The absurdity of the present situation cannot be denied. As the raw materials imported into India by the processing industry must be paid for in dollars, it is only logical that its exports should be against hard currency. And yet the EEC's import statistics suggest that both Germany and Belgium are being offered cashew nuts which had been sold to Eastern Europe against rupees. Although the final sale is for a hard currency it is to the benefit of the East European balance of trade, not that of India.

New Delhi clearly must decide just whose balance of payments it wants to prop up. The import statistics make it clear that the extensive promotion which the Cashew Council's European office has been undertaking for a number of years is proving successful. Indian exporters presumably could benefit even more if larger quantities were earmarked for the West European market. The need for this is further underlined by the fact that much of the effort of the European office has been directed towards increasing demand for whole kernels, which inevitably command higher prices than broken. The success

of these efforts is evident from the steady increase in the unit value of the cashew nuts imported from India and their much higher unit value when compared to imports from other sources (mainly Africa). Thus Indian cashews imported into West Germany commanded an average price of \$1,255 per ton (Rs 9,413) last year as against \$890 (Rs 6,675) in the case of imports from other sources.

Ironically enough, East European exporters have benefited from the demand for quality Indian nuts, despite their natural tendency to unload goods at whatever price the market will bear. It is likely, therefore, that the unit price would be even higher were imports to come direct from India rather than through a switch deal.

Although East European exporters appear to be among the beneficiaries of India's export promotion campaign, she has no alternative but to continue her efforts. Aided by European investments to some extent, her African competitors are increasingly eager to develop their sales to Western Europe. In the absence of extensive product promotion and trade liaison by India's Cashew Council they probably would acquire an important share of what is a growing market. □

WEST GERMANY

A case for shipping credit

BONN.

NEGOTIATIONS between New Delhi and Bonn for West German credit for shipping seem to have made little progress. At one time a contract was about to be signed by the Shipping Corporation of India for a 160,000 oil-bulk-ore-tonner with a German shipyard. But the entire matter fell through just a few hours before the contract was to be finalised. It would have indeed been a good purchase for the Shipping Corporation since even with escalation the cost would have amounted to about DM 90 million (Rs 18.14 crores). The basis for the then contemplated contract was the credit DM 60 million (Rs 12.3 crores) which the West German Government was prepared to extend to India out of some standing German credit which was still then not used. But at the last minute the Hermes Insurance Company filed a report saying that it was not prepared to extend insurance cover presumably on the ground that it was not sure whether India would be able to find the necessary

EEC : Imports of cashew kernels from India 1967-69

	1967		1968		1969	
	DCIS	SOEC	DCIS	SOEC	DCIS	SOEC
France	472	446	359	384	532	527
Germany	494	443	915	544	581	878
Holland	660	446	599	538	633	632
Belgium	208	200	166	166	97	181
Italy	66	58	26	34	68	67

SOURCE : DCIS and Statistical Office of the European Communities.

foreign exchange to make good the difference between the available German credit and the total cost of the ship.

Since then the costs of ships have gone up and easily the Shipping Corporation will have to pay nearly DM 110 million (Rs 22.5 crores) for the same ship if it were to purchase it today. The West German Government is apparently still reluctant to advance a larger credit. New Delhi has been trying to point out that even the Japanese who were resisting at one time to extend shipping credit to India, were now providing facilities for the Shipping Corporation to purchase a 126,000-tonner. Further, India expects the West German Government to show far greater consideration to India's needs than even what Japan is doing since consistently India has had an adverse balance of trade with West Germany. Even in 1970, according to West German statistics, German imports of Indian goods totalled DM 260 million (Rs 53.3 crores) against exports of DM 571 million (Rs 117 crores), leaving an unfavourable trade gap for India of nearly DM 311 million (Rs 63.7 crores). Actually, this trade

gap is much higher since the German figures take into account indirect import of Indian goods of over DM 90 million (Rs 18.14 crores). What is to be noted is that the trade gap in 1969 was of the order of DM 261 million or Rs 53.5 crores (taking into account indirect imports of DM 82 million or Rs 16.8 crores).

It is impossible to envisage that Indian exports to West Germany can increase at a sufficiently fast pace to narrow down the adverse balance of trade. In fact, while between 1969 and 1970 German exports moved up by 15 per cent, imports were higher by only 14 per cent and that, too, taking into account the increase of DM 6 million (Rs 1.23 crores) in the indirect imports of Indian goods. This continuous unfavourable trade could result in India cutting sharply its imports from West Germany unless she is assured of some sort of compensation in one way or the other. A line of credit for shipping of DM 100 million (Rs 20.5 crores) at this stage by West Germany would be interpreted as an appreciation on the part of Bonn of the serious problems that face India in her trade. □

mean that the Russians will insist upon driving a harder bargain with the Americans on the question of strategic arms limitations. This is a question in which the Russians are greatly interested although they are beginning to feel that Nixon no longer cares for a settlement and his success in enticing the Chinese towards rapprochement will make him even more disinclined to speed up any compromise.

The Sino-American rapprochement may also have a deleterious effect in Europe where the solution of the Berlin problem, and therefore, of the crucial Soviet-West German relations is held up because of noticeable dragging of feet by the United States and France, on the one side, and Herr Ulbricht of the German Democratic Republic, on the other. But elsewhere, for instance in West Asia, it may not be too impossible for Washington and Moscow to come to an understanding, if not an agreement. In any case in all these regions, while indulging in fierce competition for influence and power, the two countries have remarkably managed to avoid direct confrontation, as the Chinese have done in Vietnam. Russians have also noted that the Chinese warming up towards America has taken place in the wake of the Laos operations by the United States and suspect that there might have been some understanding between Peking and Washington on this. Although officially talks between the Chinese and American Ambassadors in Warsaw are no longer taking place, there is belief here that some means of other secret contacts at other levels between Peking and Washington have been established, thus obviating the need for the Warsaw ritual.

The only condition which Moscow is likely to insist upon is that the Americans undertake to respect and accept legitimate Soviet interests in these areas. Simultaneously, Soviet policy-makers are also afraid that if such an understanding is not arrived at between them and the Americans then Washington and Peking will, if not jointly, with a tacit agreement, try to undermine Soviet influence in these areas. This danger for the Russians is most acute, in Russian view, in Asia, where their own involvement has immensely grown in the past decade. But compared to them the Chinese have more geographical advantages and the American more financial power and leverage. The Soviet dilemma is, therefore, great.

But it is likely that the Soviet response to the challenge of Sino-American rapprochement in such areas is likely to be to concentrate upon creating viable and powerful pockets of resistance to the Chinese as well as American influence. It may mean their switching over to a policy of selective friendship with individual countries as opposed to their efforts in recent years to improve relations with all and sundry.

Altogether, it is not surprising, therefore, that Moscow finds little in the current ping-pong games to rejoice. Moreover, these are games from which they have been pointedly excluded. These are thus games which Moscow views as a supreme challenge to its power and diplomatic skill, a challenge which will grow rather than diminish in the coming years. It is also a challenge which will become the greatest preoccupation of Soviet foreign policy from now on. □

THE PING-PONG GAME

If only Moscow could play the referee!

By Dev Murarka

Moscow.

THE ping-pong diplomacy between Peking and Washington is a most disturbing political development for Moscow. The picture of Chou En-Lai, all sweetness, light and smiles, reciprocated on the other side by a beaming Nixon, is not one to appeal to them. It increases their suspicions. It is not that the new vogue for ping-pong diplomacy between the Chinese and the Americans has come as a surprise to the Russians. Indeed, for some time now Moscow has been at pains to establish that a lot more is going on between Peking and Washington than appears on the surface. But now that it has come to surface in such a dramatic fashion, it is no longer a remote possibility. Besides, Moscow is unshakably convinced that it is hostility to Soviet interests which will act as the cement to bind the new structure of Sino-American relations which is being erected.

Russians, of course, cannot argue against any normalisation of relations between Washington and Peking or international recognition of China and her admission to the United Nations. But they also cannot ignore the realities behind the evolution of Chinese diplomacy. For them it poses acute problems of strategy and tactics in foreign affairs. Their fundamental concern from now on will be to delay or prevent as much as they can any consolidation of ties between Peking and Washington. Their room for manoeuvre, however, is limited. The only viable tactics available to them is to try to reconcile with China on the one side and the United States on the other. They calculate that reconciliation with any one of them or even with both of them will slowdown the speed of Sino-American rapprochement, if nothing else.

Unfortunately, they realise that they are in a relatively weaker position in this political game. The Chinese demand con-

cessions which the Soviet Union cannot make without damaging her own national interests. As for the United States, the balance of distrust between Moscow and Washington is still bigger than of mutual trust between them. President Nixon's soft line towards China as against his noticeably harder one against Moscow only reinforces Soviet reluctance to deal with him or trust him. Moscow also has little doubt that even the current move by Nixon to signal fraternisation with China and Peking's eager response are intended and will serve as means of political pressure upon the Soviet Union, demanding great concessions.

It is true, of course, that on balance Moscow would rather make concessions to Washington than to Peking. There are several reasons for it. In the first place the Russians consider the Chinese hostility towards them to be of a more fundamental and permanent nature. Secondly, at a psychological level they consider that they have more in common with the Americans, who are Western, than with the Chinese, who are Asian. In the third place, while they compete with America in the international arena, they can arrive at an accommodation with Washington easily on many matters while any understanding with Peking is a more difficult matter. Lastly, they seem to believe that in the long run the Americans will be prepared to combine with them to keep China in check.

But these are long-term considerations. In the immediate future these are likely to have the effect on Soviet foreign policy of making it more conciliatory in form and harder in the matter of making any actual concessions in haste. Thus, for instance, Moscow will go a long way towards improving trade and state relations with Peking but is likely to be more unyielding on the territorial question. It might also

BUSINESS REPORT

From Our Own Correspondents

MITSUBISHI DELEGATION

Export-oriented joint venture planned

BOMBAY.

MR Ninichi Nakagawa, leader of the 11-member high-power Mitsubishi mission to India, told *Commerce* in Bombay on Tuesday that his mission has taken the first concrete step towards setting up joint ventures in India. Mr Nakagawa said that he has finalised negotiations with Chembur Bone and Fertiliser Co (Private) Ltd, for the manufacture of ossein which is used for producing films. The entire output of the factory will be exported to Japan. The plants of the factory will be located in Bhavnagar in Gujarat and in Bombay. The Indian party will hold about 60 per cent of shares and Mitsubishi about 40 per cent. The total investment of the plant will be nearly Rs 1.5 crores and the output of this joint venture will be about 2,400 tonnes a year.

Mr Nakagawa said that this joint venture will open up a new export market for India as ossein will be exported from India for the first time. He also disclosed that his delegation had fruitful talks with Indian parties for the export of bicycle parts and components of industrial machines. "There is no need of any detailed technical assistance from Japan so that these components could be manufactured here. Your technological level is so high that what you require is merely designs and specifications," he said.

Mr Nakagawa was happy to note that his earlier observation at the Indian Merchants' Chamber, Bombay, that it was difficult to find good Indian partners was proved to be incorrect. During his recent visit to Bombay he met a number of medium-sized entrepreneurs who are competent and reliable.

Earlier, Mr Nakagawa told the Indian Merchants' Chamber here that his team was on a sort of "reconnaissance" tour of the country. A bigger team might come later for a pin-point study of trade and investment policies. The mission leader spoke about Indo-Japanese collaboration with enthusiasm while, at the same time, pinpointing some of the difficulties that faced the foreign investors.

The mission leader said that it was difficult to find good Indian partners as all the large industrial houses were operating under curbs. He had explained this situation to a high Union Finance Ministry official after which the official furnished a list of 200 Indian firms from which to select the prospective partners. The Japanese are not very satisfied about this. The Japanese attitude is that it would be easier for them to enter into financial participation where there is collaboration with established industries or groups with proven record. They need not be anxious in that case to have control of the joint venture with majority participation. Thus they would be willing to have participation of even 40 per cent or less

in the joint venture. This is in contrast to investors from some of the highly industrialised countries in the West who have been keen on having a majority participation.

Mr Nakagawa's other grievance was against the tax of 50 per cent on royalty to be repatriated. In other countries this was about 5 to 10 per cent, he said. Reports from New Delhi suggest that the Union Government has asked for information from other countries about the taxation on royalties.

The two-week visit of the economic mission of Mitsubishi Shoji Kaisha (MSK) Ltd to this country augurs well for the strengthening of the Indo-Japanese economic ties. The mission belonging to the Mitsubishi Group, the largest business combine in Japan, was here to study the investment climate and to explore the possibilities of establishing joint ventures and developing exports from India to Japan and to third countries. The Mitsubishi Group has been operating in India for a long time with investments in three industrial projects, a sheet glass factory, a rayon factory and a tiller factory. Since 1959, 14 collaboration agreements between Mitsubishi and Indian firms involving production of chemical plants and other industrial plant equipment, rayon yarn, viscose filaments, power tillers, house service meters, safety breakers, etc, have been sanctioned.

The 11-member Nakagawa mission landed in the country within four weeks of the formation of a new Government by Mrs Indira Gandhi backed by a massive majority in Parliament. This itself is considered as a portent of the change that seems to be undergoing in the attitude of the foreign investors to investment and collaboration in joint ventures in India. The change is coming with awareness abroad of the political stability in the country in contrast to the happenings in some of the other countries in the Asian region. □

SUGAR INDUSTRY

Nationalisation at what price?

LUCKNOW.

THE Congress (R) Ministry, led by Mr Kamalapati Tripathi, is now busy studying the issues involved in the nationalisation of sugar industry in the State to which it is committed. The subject came up at the very first meeting of the Cabinet on April 5, but a decision was postponed pending a study of the report of the three-member sugar committee which was appointed by the BKD-Congress (R) Government headed by Mr Charan Singh. Understandably, no immediate conclusion could be reached for the report itself raises some

questions that do not lend themselves to easy answers.

The committee's report has not yet been made public. But it is learnt that it has suggested that the nationalisation of the 67 private sugar mills in Uttar Pradesh was necessary to frame and implement a scheme of rationalisation and modernisation and also to bring about an improvement in the relationship between the growers and the factories. On the ticklish question of compensation, the committee has favoured the fixation of payment on the basis of the stock exchange value of the shares of these mills. It has referred to the principle of determination of compensation on the basis of net maintainable income. It has, however, argued that the profits of the sugar mills are not the results of a competitive market because the Tariff Commission has been fixing fair prices of sugar in such a manner that the factories in all the regions are able to achieve a certain degree of surpluses by way of profits, which cannot be called "normal". The protection given by the State can, therefore, not become the basis for fair compensation in the event of a take-over of the sugar mills.

While it has not dismissed the principle of written down value of assets for fixing the amount of compensation, the committee has said that most sugar factories in the State are units of larger industrial organisations. The accounts for each unit are usually not published separately and, therefore, fixing the amount of compensation for each unit on the basis of this principle may not be possible. The total fixed assets of the 59 companies, excluding Modis and DCM, having sugar factories in Uttar Pradesh have been worked out at Rs 28.96 crores in 1967-68. This being the overall value of the undertakings, the value of the sugar factories has been estimated at Rs 15 to Rs 20 crores. The total compensation on the written down principle has been put around Rs 15 crores for all the 67 sugar mills in the private sector.

The committee considered three suggestions regarding the future set-up for the mills. These were: running the mills as departmental undertakings; forming a separate corporation for each unit; and the setting up of a central corporation for all units. It rejected the first two suggestions for, in its opinion, that would adversely affect the mills' efficiency and make it difficult to modernise the weaker units. Its own suggestion was the constitution of a State sugar mills corporation with the representatives of both the workers and the cane growers on the management.

Obviously, before Mr Tripathi's Government can take a decision, it must decide how to raise the resources to pay the compensation as also whether a corporation to look after 67 units is the best way of managing them. The public sector has not yet been able to throw up a model of management which can look after as many as 67 units, spread over such a wide area. Nor is it clear from where the State Government will be able to mobilise ex-

pertise on such a large scale assuming that it comes to the conclusion that those who run the industry at present are incompetent for the purpose.

Meanwhile, the State Government has issued recovery certificates against 21 sugar factories on account of non-payment of cane prices. Effective steps are being taken, it is claimed, for early payment of arrears to cane growers by the sugar factories, which stood at Rs 20 crores on April 1. Till March 31, the UP mills had crushed 11.26 crore quintals of cane and 2.74 crore quintals were to be crushed subsequently. Till that date 10.41 lakh tonnes of sugar had been produced and an additional 2.29 lakh tonnes were expected to be produced after March 31. More than 10 sugar factories will continue crushing up to the end of June and two more till the end of the first of July. Eleven out of the 71 sugar mills in Uttar Pradesh (four are in the co-operative sector) have been closed down for the season. □

FERTILISERS

Lag in production and consumption

NEW DELHI.

INDIA'S fertiliser imports in 1970-71 amounted to Rs 120 crores but this year they may not exceed Rs 75 crores. If this were a consequence of a sizable increase in the indigenous production of fertilisers, it would have certainly been a matter for gratification. But this is not the case. In spite of the increase in fertiliser capacity, production has only been creeping upwards. Against a production target of 2.5 million tonnes of nitrogen and 0.9 million tonnes of phosphatic fertilisers by the end of the Fourth Plan (1973-74), output from both public and private sector units at the end of 1970-71 is estimated at 8.5 lakh tonnes and 2.3 lakh tonnes respectively. The figures for the previous year were 7.15 lakh tonnes and 2.2 lakh tonnes. These speak of the slow progress of the fertiliser industry in spite of the high priority accorded to it in the programme for economic development of the country.

A substantial curtailment of fertiliser imports will have to be made this year largely because the growth of consumption has been less than anticipated. Actually this trend has been noticeable since 1968-69. The target of consumption of nitrogen that year was fixed at 17 lakh tonnes but actual consumption was about 12.1 lakh tonnes. Similarly, in the following year consumption was over three lakh tonnes less than the target of 17 lakh tonnes. In 1970-71 the target was revised slightly upwards to 17.5 lakh tonnes, but the demand for fertilisers was no better than in the previous year.

Because of the shortfalls in the targets set for consumption during the last three years some institutions including international agencies have come to the conclusion that India's fertiliser consumption would be significantly lower than the projections of the Food and Agriculture Ministry. It would be detrimental to the new strategy of increasing agricultural production in this country if this conclusion is accepted and acted upon.

If consumption targets have not been reached it is not because that there is

New jute capacity

MR H. D. Wahi, Chairman, Indian Jute Mills' Association, says that the proposal of the Central Government to set up new jute mills outside West Bengal would be disastrous for the sick units in West Bengal. If the objective of the Government is to increase production it could as well be achieved at a much lower cost by the revival of about a dozen sick mills in Calcutta which had been closed down, rendering some 22,000 workers jobless. Both in terms of employment and capacity-utilisation, these would be more productive rather than licensing new capacity elsewhere. If, notwithstanding the embarrassing overcapacity in the Calcutta-based industry, the manufacturing activity were to gravitate to other States, more and more mills in West Bengal will be forced to close down to the detriment of the State's employment position. What the industry needs today, according to Mr Wahi, is a separate five-year plan for its recovery, spelling out the targets of production and exports, the raw jute availability and, above all, the incentives that the Government would be prepared to give for the achievement of these targets.

Coal movement

The Indian Tea Association, Calcutta, says that the Ministry of Foreign Trade and the West Bengal Government should immediately intervene to ensure coal supplies to tea estates in north Bengal. Estates in Dooars have virtually run out of stocks and those in Darjeeling are left with stocks for less than three weeks. The allotment of railway wagons to Asansol and Raniganj from where coal is moved to north Bengal tea estates has been steadily deteriorating since January this year. In January-March only less than 50 per cent of the estates' indents were met while in the first three weeks of April only 25 per cent of their requirements had been met. The transportation of coal by road is three times costlier than by rail and the tea industry in West Bengal cannot bear any increase in costs without jeopardising its competitive position at home and abroad.

Cotton policy

Mr J. K. S. Nicholson, President, Bombay Cotton Merchants' and Mucadums' Association, says that the present cotton policy of the Government will not do any good to either the textile industry or the consumer, the grower or the trader. The policy of canalisation of imports, the proposed monopoly procurement by the State, the various financial squeezes and the failure of the cotton crop this year have resulted in a crisis for the cotton trade. There have been unusual fluctuations in prices. These wide fluctuations once again emphasise the need for some kind of insurance, hedge or shelter for the marketing men.

Credit squeeze on mills

Mr Priyakant T. Munshaw, President, Ahmedabad Millowners' Associa-

BUSINESS OPINION

tion, says that the remedy for inflation lies in the removal of impediments to production and not in tinkering with the interest rates. Credit squeeze may ultimately prove self-defeating in so far as stabilising the price line is concerned. On the advice of the Reserve Bank of India, some of the nationalised banks had issued in February 1971 instructions to textile mills such as (1) bringing down the advances to mills against cotton piecegoods and yarn to the level of their advances as on December 15 or 31, 1969, (2) raising the margin on finished goods (cloth in packed condition) from 20 per cent to 40 per cent and (3) reducing the ceiling on stock in process and on finished goods from 3½ months to two months production. Mills were also instructed to regularise their drawings in accordance with these instructions within a period of one month from the date of the receipt of the letters from the bank, failing which the banks proposed to charge the penal rate of interest at 12 per cent per annum on the entire outstandings. This policy of the banks placed many mills in an awkward position.

Sugar mills' finances

The Indian Sugar Mills' Association, Calcutta, says that the undue delay in announcing revised levy prices for the 1970-71 season has resulted in crippling the finances of the sugar industry. The inadequate availability of bank credit has aggravated the already difficult financial situation of sugar mills. According to the Association, sugar factories are no more in a position to continue cane payments and they should not be held responsible for default as the present situation has been created by circumstances beyond their control.

Export credit

Mr G. G. Siraj, President, All-India Exporters' Chamber, Bombay, says that the decision of the Reserve Bank to raise the ceiling rate of interest for pre-shipment and post-shipment export credit to 7 per cent would adversely affect export growth. It will have an all-round impact on the cost of money for exporters and reduce their competitiveness in international markets.

Raw materials for drugs

Brig B. S. Bhagat, President, Organisation of Pharmaceutical Producers of India, says that the canalisation of raw material imports through STC and IDPL has not helped ease the scarcity situation in the drug industry. If canalisation and pool pricing scheme are to succeed, it is essential that the day-to-day working of these organisations should be made more efficient and the prices of raw materials reduced. Alternatively, the previous system by which import licences were issued to actual users should be reintroduced.

less demand for fertilisers but promotional efforts to stimulate consumption have been inadequate. Until 1968 the total availability of fertilisers from indigenous production and imports was considerably less than the actual demand. The entire distribution of nitrogenous fertilisers was controlled by the fertiliser pool. The agencies for distribution were the State Governments. Some States appointed private parties for this purpose, and in others distribution was exclusively through co-operative agencies. Under this arrangement the element of competition was lacking; there was no motivation to boost fertiliser consumption. In fact, promotional efforts were discouraged as it was far from certain that additional supplies would be available to meet any increase in demand that might result from such efforts. Thus the potential for growth in fertiliser consumption remained undeveloped.

India will have to produce an additional 40-50 million tonnes of foodgrains in the next seven to eight years to feed her growing population without depending on imports. This will require the use of about seven million tonnes of plant nutrients, nitrogen and phosphatic fertilisers. In national interest it has to be seen that consumption of fertilisers on this scale is achieved. This is possible only if a package of measures is introduced. These include agricultural extension services, including soil testing and demonstrations to bring home to the farmers the benefits of optimum fertiliser application, farmer training programmes, stocking of fertilisers well in advance of the manuring season so that cultivators can get them in time, marketing of fertilisers near centres of consumption, efficient system of transportation and storage, and provision of adequate credit facilities.

Above all, indigenous production of fertilisers should not be allowed to lag behind. The experience of the sixties has shown that India should not rely too much on foreign credit, collaboration and capital for building up the fertiliser industry and, as far as possible, should go it alone. Foreign exchange constraints should not be allowed to come in the way of increasing fertiliser production. Reasonable foreign exchange should be allotted to not only the public sector but also to the private sector for setting up fertiliser units or expanding the existing ones.

An important reason why some private sector projects fell by the wayside is that the sponsors found it difficult to secure foreign exchange or arrange foreign collaboration. Between 1966 and 1970 the Government issued letters of intent or licences to 12 private enterprises for setting up fertiliser units but only one, namely, the Goa project of Birlas, is under construction and is expected to be commissioned by 1972. Of the remaining projects Ghaziabad (Modi Spinning and Weaving Company), Mirzapur (Hindustan Aluminium Company), Mathura (Kalinga Tubes) and Visakhapatnam (Occidental Petroleum Corporation) have failed to materialise because of the inability of the parties to arrange foreign exchange and collaboration. Haldia in which Phillips Petroleum Company showed keen interest at one time and eventually backed out has now been taken up in the public sector. These projects were licensed for a total capacity of 8.5 lakh tonnes.

The loss must be made good by taking

up new projects and expeditiously clearing those submitted to the Government, including the Mithapur project of Tatas, Coromandal's Visakhapatnam expansion scheme, the Sheva Nhova project of Dharamsi Morarji and the Tuticorin scheme of the Southern Petrochemicals Corporation. In addition, the Government has now received proposals from Delhi Cloth Mills for expanding its Kota unit and from the Punjab State Industrial Development Corporation and Bharat Steel Tubes for setting up fertiliser units at Bhatinda and Panipat respectively.

For its part the public sector must improve its performance. There has been some improvement last year but all the units still work far below their capacity. Whatever the causes—inadequate supply of raw materials or shortage of power or inefficient management—these must be resolutely tackled and overcome. Only by optimum utilisation of installed capacity can fertiliser prices be brought down. This is essential if consumption targets are to be achieved, and on increased consumption of fertilisers hinges sustained increases in food production. The public sector with the lion's share of fertiliser capacity—it has already eight units with a total capacity of 6.84 lakh tonnes in terms of nitrogen in production and another nine with capacities aggregating 14.9 lakh tonnes are in various stages of construction—has a major responsibility in this regard. □

COAL

Ships to the rescue of railways

CALCUTTA.

THE Union Minister for Shipping, Mr Raj Bahadur, has announced in Bombay that the Railway Board has finally agreed to a long-term arrangement with the coastal shipping for the movement of coal. For the next 10 years, the coastal ships will be assured an annual cargo of five lakh tonnes. Every month, 20,000 tonnes of railway coal would move from Calcutta to Tuticorin and another 20,000 tonnes from Calcutta to west coast. The Railway Board is not being generous in coming to this arrangement. It seems to have dawned on it that the railways are not in a position to carry the coal according to a planned schedule demanded by needs of industries and other consumers in various parts of the country. Mounting pit-head stocks at collieries while consuming industries in northern and western India are very short of coal, obviously shows that the movement continues to be extremely unsatisfactory. Since it is the railways which have taken upon themselves the responsibility of carrying coal over long distances, it naturally devolves on the railway authorities to look after the planning and co-ordination of coal transport. And this must be the reason why it is now ready to enter into a long-term arrangement with the coastal shipping.

The pit-head stocks at the moment amount to nine million tonnes, roughly one and a half month's production of the coal industry, and some three million tonnes in excess of the normal stocks held by the industry at any time. In other words, stocks are now 50 per cent more than

normal. To some, the stocks may not appear excessive; the railways understandably have been trying to play down the crisis by overemphasising the point that they have now more wagons with them than they need, and that the wagon supply to collieries has been considerably stepped up. But the point is that an industry that has been experiencing serious financial difficulties despite the reported advice of the Reserve Bank to nationalised banks to liberalise credit facilities, finds an excess stock of three million tonnes very burdensome.

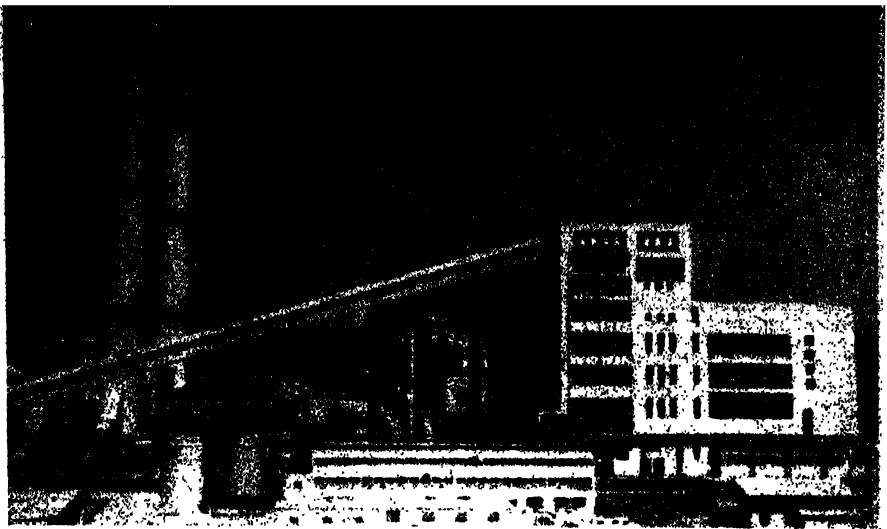
The industry is estimated to have produced only 77 million tonnes in 1970-71, which is about three million tonnes less than in 1969-70, and this must be entirely due to the fact that the stocks began to rise above the normal limit some seven to eight months ago. Among the various factors contributing to the decline in production and increase in stocks, insufficient wagon supplies appear to have been a major one. Coal movement by the railways fell short by 17 per cent of the target fixed for 1970-71.

The railways, of course, were themselves under the pressure of various factors which affected their capacity to release more wagons for the coal industry. According to the General Manager of the South Eastern Railway, on some 33 occasions during the year, train services were interfered with, leading to loss of thousands of wagons in loading. The Orissa "bandh" in July 1970 resulted in loss of nearly 5,000 wagons in loading. The three Bengal "bandhs" of the year caused the S.E. Railway a loss of loading potential of about 6,500 wagons. The jute mill labour strike, the strike at Visakhapatnam port and wild cat strikes on different sections of the railways, were the other reasons which completely upset the SER's wagon turn-round programme.

However, now that the situation has begun to appear more normal, concerted efforts should be made by all concerned, particularly the railways, to move coal from the pit-heads at more than the normal rate to clear up the accumulation well before the monsoon, and then ensure a supply of the requisite number of wagons to the collieries that they would need to move their production.

It is good that the coastal shipping will now be harnessed for the transport of coal. True, the cargo of five lakh tonnes of coal promised to this sector every year is almost five times of what it moves currently. But an expert committee of the National Shipping Board had suggested that the coal cargo assured should be as much as 7.5 lakh tonnes. Apart from the volume of cargo, coastal shipping has also a grievance about the permitted coastal freight rates which it considers as unremunerative. This was why even the 10 ships ordered from Rumania have been designed to carry coal on the coast as well as bulk cargoes of sulphur, manganese ore, fertiliser, iron and steel in the overseas trade with a view to enabling their employment on foreign routes, if the need arises. It could be that if the freight issue is not resolved coastal shipping would not be very enthusiastic about carrying coal, and in that case the projected efforts to remove the bottleneck in the transport of coal might not bring significant results. □

The Ennore thermal plant



A general view of the Ennore thermal plant.

Power development in Tamil Nadu

By C. G. Rangabashyam

—A SURVEY

VIEWED against the background of power development in other States in India, the development of energy conversion and utilisation in Tamil Nadu have made a big headway, not only by regional standards but also by national standards.

Today Tamil Nadu leads all other States in India in rural electrification. By way of utilisation of electrical energy, Tamil Nadu occupies the second position in India. In the matter of utilisation of power for irrigation Tamil Nadu ranks first in India.

Bulk of the power produced in the State is utilised in industries in the urban areas and agriculture in rural areas. With the wide net-work of transmission and distribution lines extending over the length and breadth of the State, Tamil Nadu supplies about 50 per cent of its power to industries, 23 per cent to agriculture and the balance for domestic and commercial purposes. About 20 lakhs of consumers are being benefited by Electricity, about 75 per cent of whom directly by the Board and the rest through five Municipal and seven licensees.

Power generation in Tamil Nadu until about 1908 was confined mainly to a few tiny plants in tea estates run on water power and to the small hydro installation at Katteri in the Nilgiris. The Government Electricity Department was formed in 1927 and development of power resources in the State was initiated with the commencement of work on the Pykara scheme in 1929. Since then there has been phenomenal development in the generation and utilisation of electric power in the State.

As power is indispensable for the development of agriculture and industry, special importance was assigned to pro-

grammes for generation of power in the Five-Year Plans.

At the beginning of the First Plan, there were hardly three hydel projects and two thermal stations with a total installed capacity of 156 mw. During the First Plan period, the capacity was increased to 256 mw. During the Second Plan period, there was more than doubling of installed capacity. By the end of the Second Plan, it was clear that the major weakness of the power system in the State apart from pronounced shortage of power was the preponderance of hydel capacity which rendered the grid particularly vulnerable in the years of poor rainfall. With a view to overcome the shortage and correct the imbalance, both hydel and thermal power stations were planned and taken up for execution. As a result, the Third Plan period witnessed commissioning of 6 units at Kundah, 4 units in the Mettur Tunnel Scheme and 1 unit (4th unit) at Periyar Power House and 1 unit in the Parambikulam Aliyar Project at Sarkarpathy and also commencement of work on the 340 mw Ennore thermal power station and on the addition of 30 mw at Basin Bridge, Madras. Thus, at the end of the Third Plan period the installed generating capacity in the State went up to 1070 mw apart from 300 mw in the thermal station at Neyveli.

Today here are 15 hydro-electric stations in the State working with a total installed capacity of 1114 mw and three thermal stations (at Basin Bridge, Madurai and Ennore) having a capacity of 251 mw. Besides these, the thermal station at Neyveli utilising lignite, (brown coal) as fuel has a capacity of 600 mw. The total installed capacity of the Tamil Nadu grid is therefore 1965 mw (including 600 mw at Neyveli). Of the present total installed capacity about 42 per cent is thermal generation while the balance 58 per cent is of hydro generation.

Mr. Rangabashyam is Chairman of the Tamil Nadu Electricity Board.

With the completion of the following power stations on which works are rapidly progressing, the installed capacity of the grid is expected to be increased to 2185 mw during the year 1971-72.

1. Sholayar Power House II in Parambikulam-Aliyar Hydro Electric Project (70 mw).
2. Kodayar Power House 2 under Kodayar Hydro Electric Project (40 mw).
3. The 2 x 110 mw units in Ennore Thermal Scheme (220 mw).

Almost all major hydro resources have been utilised and the State has only some small hydro schemes under execution or investigation. In respect of thermal power also Tamil Nadu is unfavourably situated as it has no coal fields except the poor quality brown coal at Neyveli which is also being exploited for power generation. The demand of the grid is now of the order of 1163 mw. Even though the installed capacity is 1965 mw the effective generating capacity is much less, as hydel stations like Sholayar, Mettur, Papanasam, Periyar and Parambikulam are to be operated to meet the requirements of irrigation. During non-irrigation season which lasts upto 5 months in Mettur and 3 months at Periyar and Papanasam, there is very little or no power generation from these hydel stations. Added to this, vagaries of monsoon in the past led to periodical and frequent imposition of power cuts. Hence, the ratio of hydro and thermal generating capacity which was 80 to 20 has been transformed to 70 to 30 at the end of the Third Five-Year Plan. With the commis-

sioning of the Ennore thermal power station, this ratio is expected to be improved to 52 to 48 by about a year's time.

With the green revolution and growing industrialisation, power demand is constantly going up and at the end of the Fourth Five-Year Plan the gap between the firm capacity of the Grid and the anticipated demand is expected to be of the order of 500 mw. The Kalpakkam atomic power plant can provide relief only later to an extent of 400 mw. According to the assessment made by the Central Water and Power Commission the neighbouring Andhra Pradesh and Mysore States will also be deficit in power while Kerala only may have surplus of about 200 mw. Kerala's surplus power would be in demand from other neighbouring States also. In order to bridge the gap, it is necessary to set up large thermal and nuclear power stations before the end of Fifth Plan. Realising the paramount need and urgency to reduce this gap between the capacity and demand for power, the Government of India has been moved to take up the following works:

- (i) Second unit of nuclear power station at Kalpakkam (200 mw).
- (ii) Second mine cut and a second thermal power station at Neyveli (900 mw) and
- (iii) Second nuclear power station at Tuticorin (600 mw).

Electricity is both a service and a consumer goods but it is unique in that it is perhaps the only product that is almost used at the same instant as it is manufactured. The energy generated in the

Board's generating stations and purchased from the neighbouring States was 1,063 million units, at the end of the First Plan, which increased to 2214 mu at the end of the Second Plan. At the end of the Third Plan, the generation and purchase of power was 4041 mu.

In 1970-71, the total power consumption of the State was 6189 mu, out of which 3603 mu or 59 per cent were generated in the Board's generating stations. Out of the balance of 2586 mu, 1,523 mu were purchased from Neyveli, 733 mu from Mysore, 328 mu from Kerala and 2 mu from Andhra.

Table 1 : Utilisation of electricity in 1969-70

Category	Electrical energy in mu used	Percentage
Industries	2269	50.0
Agriculture	1037	23.0
Bulk supply to :		
Licensees	441	9.7
Commercial	301	6.6
Domestic	225	5.0
Sales to other States	98	2.2
Railway traction	82	1.8
Other miscellaneous like street lighting, departmental works etc.	79	1.7
Total	4532	100.0

The power which is generated at 11,000 volts pressure in the generating stations, is stepped upto 110,000 or 230,000 volts for transmission to the remote sub-stations where the pressure is stepped down to 11,000 or 22,000 or 33,000 volts for distribution. To develop the available power resources and make the power available in a rational way at minimum cost and optimum efficiency, over the whole State, the Electricity Department, since its inception, has had its objective the creation of an electric power grid covering the whole State.

The grid has been planned and constructed in such a way that ultimately it would link up the several hydro-electric and thermal stations in the country and convey power to consumers in all villages and towns through a net-work of transmission and distribution lines at reduced cost and in abundance.

The electrical power generated in the Board's generating stations and purchased from other sources during 1969-70 have been utilised under the various categories as listed in Table 1.

A major portion of the power produced as may be seen from the above, is utilised in the industries. Tamil Nadu is now occupying a prominent place in the Industrial map of India, because of the industrial progress it made on account of easy availability of power. Petro-chemical complex around the city, cluster of industries like aluminium, chemicals, papers, plastics etc around Salem-Mettur area and high pressure boiler plant at Tiruchy are the direct result of availability of electric power at these locations. The power consumption for industries during the past two decades has recorded an eight-fold increase, indicating a phenomenal development in the industrial sector.

The next most important use of electricity, as at present is in providing energy for irrigation pumping. 23 per cent of the power energy sold in the State, is being used for agricultural purposes and

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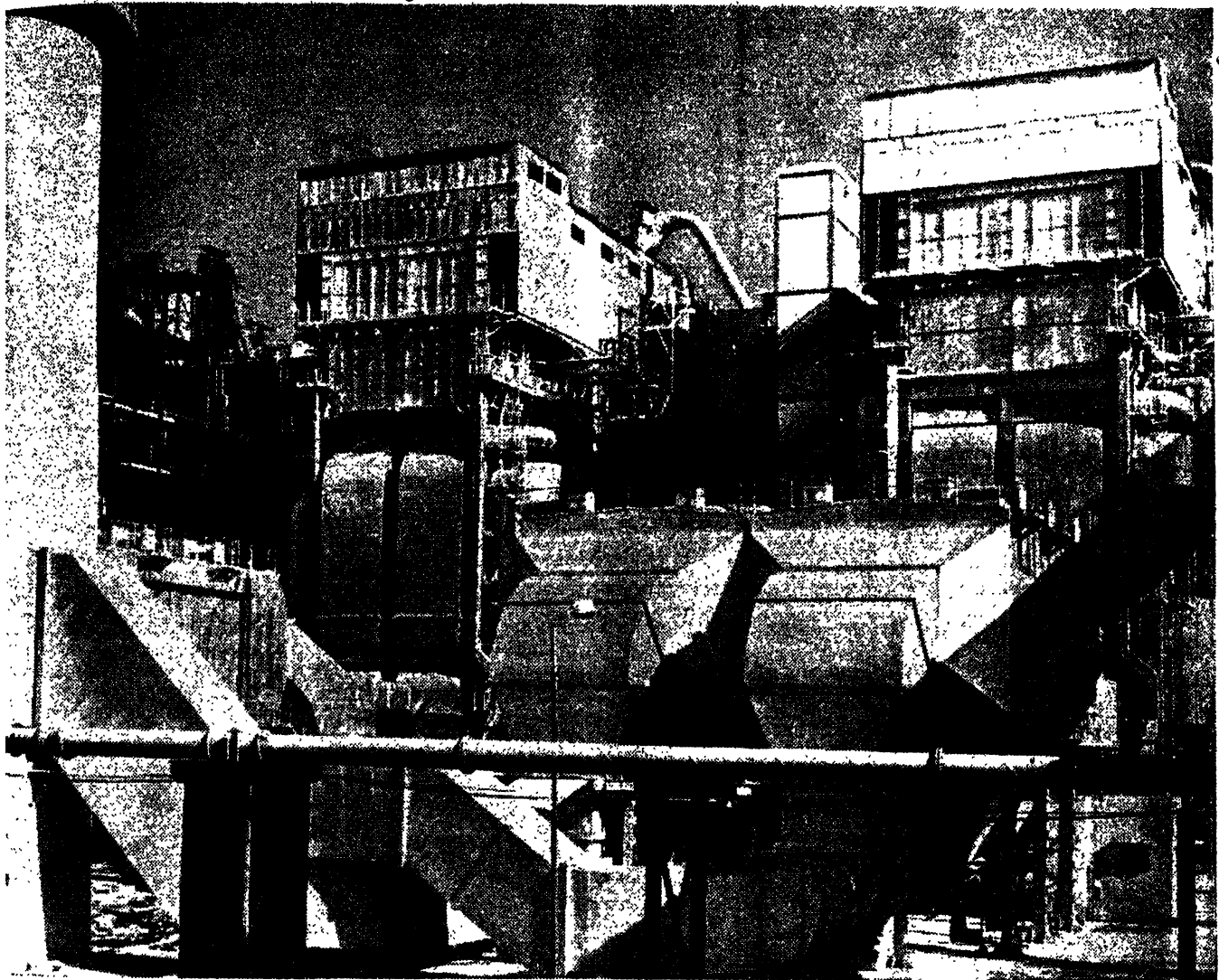
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The Ennore Plant in its first stage consists of two 110 MW boilers and two 60 MW boilers. BHEL High Pressure Boiler Plant has supplied the 60 MW boilers designed and built in its factory at Tiruchi, one of which has been commissioned already, the other one being commissioned now. The foreign exchange saved will be about Rs. 66 million including the Rs. 28 million worth

turbines supplied by the BHEL Hyderabad factory.

The two 110 MW boilers have been supplied by Czechoslovakia. Even here, BHEL-Tiruchi's contribution is worth Rs. 25 million.

The fifth boiler of 110 MW, estimated to cost about Rs. 60 million, will be designed and built by BHEL.

In all, the Ennore Project stage-I is worth Rs. 450 million in which BHEL shares about Rs. 150 million in boilers, turbines and ancillary equipment.

Tremendous engineering skills and ceaseless labour have gone in to make BHEL's participation an exemplary success.

30,000 drawings translated into components of iron and steel, 400,000 hours of labour, 3,000 tonnes of finished components in the form of pressure parts, structures, fans, etc., for each 60 MW boiler.

Each BHEL 60 MW boiler will utilise about 1,000 tonnes of coal every day to convert 260,000 litres of stored water into power every hour.

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Thermal power from Ennore

By T. K. Vishwanathan

OUT of the 18 power stations in Tamil Nadu only three, namely, Basin Bridge, Ennore and Neyveli, are thermal. The rest are fed by either irrigation reservoirs or hydro reservoirs. Against the total generating capacity of hydro stations of 1,324 mw, thermal capacity is as follows:

	Generating capacity (mw) as on 31-3-1971	Generating capacity (mw) after extensions are completed
Basin Bridge ..	60	75
Ennore ..	120	450
Neyveli ..	600	600
	780	1,125

Making an allowance of 16½ per cent for annual overhaul of boilers under statutory Boiler Regulations (high-pressure boilers being out for two months in a year), the nett thermal capacity is 938 mw and hydro capacity is 1,324 mw. The present power demand of Tamil Nadu Grid is 1,250 mw, while the present units generated per day is about 200 lakhs.

By 1972 it is programmed to electrify

Mr Viswanathan is Superintending Engineer, Tamil Nadu Electricity Board (Operation and Maintenance), Ennore.

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all the villages in the State. With the development of industrial loads both small-scale and heavy industries like steel, fertilisers and chemicals, the power demand is expected to shoot up to 2,200 mw by 1973-74.

We have almost exhausted all the hydro resources. Hydro-power capacity cannot be depended upon throughout the year as it depends upon monsoon rains and irrigation discharge. During the years when monsoons are weak and during non-irrigation seasons when the discharge from irrigation reservoirs are stopped, the Tamil Nadu Grid has to depend upon thermal power as a back-up. Further, as hydro resources have been exhausted, new thermal power stations of high capacity have to be put up not only as thermal back-up but also to cater to the increased demand of the Grid. Hence it was proposed to build a big high-pressure thermal station at Ennore.

Ennore was selected for putting a big thermal station for the following reasons:

(a) Tamil Nadu has no coal resources except lignite (brown coal) at Neyveli whose first mine-cut is utilised in full. The nearest place for coal is Singareni collieries near Hyderabad which is 480 miles away. Ennore is the nearest place in Tamil Nadu from Hyderabad on the broad-gauge railway line.

(b) Ennore is at the estuary of the river Kottalier falling into the sea. Hence sea water (drawn through the estuary of the river) can be used for cooling the condensers of the turbine, thus eliminating costly cooling towers (either natural draft or induced draft) for the circulating system of the big thermal station.

(c) The required raw water for boilers is available nearby at a place called Minjur from deep underground wells. The requirement of water for the full capacity of the power station is 10 lakh gallons per day.

(d) The present load in Madras city and its industrial complex suburbs like Ennore, Ambattur, Avadi and Guindy is of the order of 150 mw and is likely to go upto 300 mw. The total load of Madras city and the surrounding districts of Chingleput and North Arcot will come up to about 500 mw for which supply has to come from the power stations at Kundah, Neyveli and Mettur, if there are no big power stations in Madras city. Transmission of a large block of load from far off power stations involves loss of energy as well as low-voltage conditions in the Madras city area which is the farthest. The generating capacity of the Basin Bridge power station cannot go above 75 mw because of the limitation of circulating the water-cooling system. Hence a 450 mw station was planned at Ennore so that both Ennore and Basin Bridge can cater to the full load requirements of Madras city and the surrounding parts of Chingleput and North Arcot at proper voltage conditions without any loss of power. An additional big thermal station needed to meet the requirement of the Grid is put at the load centre.

The total generating capacity of the Ennore station is 450 mw. The first two units are of 60 mw each, while the boiler capacity of each unit is 260 tons/hr, with the steam pressure being 96 kg/sq cm and steam temperature 540°C.

The Boiler burns pulverised coal. Boiler controls are by electronic Regulation system. The turbine has two cylinders (HP and LP). The generator is natural air-cooled and generation is at 11 kv and is stepped up to 110 kv and pumped to the Grid. The high-pressure boiler and TA set for each unit are supplied by Bharath Heavy Electricals. The generator transformers, 63,000 kva 11 kv/110 kv for each unit, are supplied by Heavy Electricals, Bhopal.

The major auxiliaries are run at 6.6 kv, the biggest auxiliary being the boiler-feed pumps of 1800 kw each. The 6.6 kv switchgears are of air-blast circuit breakers, with a rapturning capacity of 4,500 mva. The 6.6 kv switchgears, the complete control Room equipment to control both the boiler and the TA set, instrumentation, and relays both for control and protection, are supplied by Skoda, Czechoslovakia.

The third and fourth units are supplied by Skoda except for the non-pressure parts of boilers which are manufactured by Bharath Heavy Electricals. The fifth unit will be completely indigenous, to be manufactured by BHEL. As in the 60 mw units, the major auxiliaries are at 6.6 kv, the biggest auxiliary being the boiler-feed pumps of 3,500 kw capacity each. For the third and fourth units, all the 6.6 kv gears and control-room equipment for boiler and TA sets, instrumentation, meters and relays are supplied by Skoda direct. For the fifth unit, instrumentation, control equipment, meters and relays will be indigenously manufactured at Kotah in Rajasthan.

Sea water is used for cooling the Condensers of the turbines. A pump house has been built on the bank of river Kottalier, with six pumps of 1,000 kw capacity each to pump 720 cft/sec or 60,000 tons/hr sea water for the full capacity of the power station.

At the estuary of the river the sand bar is normally found closed except for about three months in a year (October, November and December) during the north-east monsoon period, when the sand bar gets opened. To draw 720 cusecs of water from the sea through the estuary, the sand bar has to be kept open throughout with enough cross-section. Hence an RCC jetty of 304 metres length with an approach jetty has been built into the sea at the estuary. Two sand pumps with a capacity 375 HP each (pumping capacity 175 tons per hour) will be erected on the RCC jetty to pump out the sand at the sand bar opening and keep the sand bar open throughout. Further, there are eight Booster pumps of 40 HP capacity each to throw away on the side shores the sand slurry pumped by the sand pumps. The cost of the RCC jetty, complete with sand-pumping equipment and control gears, comes to Rs 60 lakhs. The sea water after cooling the Turbine condensers is returned to the sea through RCC conduits.

For the Ennore power station at full capacity we require 500 tons of slack coal per day from Singareni collieries, which is the nearest colliery for Tamil Nadu. Because of the heavy requirements of coal, separate coal mines have been reserved for Ennore and double railway lines have been laid from Singareni to Vijayawada. □

The Indian paint industry

—A SURVEY

Technological developments

By R. K. Marphatia

THE paint industry is unlike many other industries which can be clearly classified as heavy industry such as heavy chemicals or consumer products. It has a dual role—decorative and protective, and sometimes a combination of both. A second characteristic of the paint industry is that it is a service industry and as such it adapts itself to the requirements of the customer industries. As a corollary it

would follow that its final performance is not entirely within the industry's control and is dependant in the manner in which the finished product, paint, is applied and used by the customer industries. These special features of the paint industry should be borne in mind while considering the technological development of the industry.

While considering the technological developments of the paint industry it would be appropriate to start from the finished product end—the customer's viewpoint. The general belief is that paint is

Mr Marphatia is General Works Manager of Goodlass Nerolac Paints Ltd, Bombay.

Growth of paints and varnishes industry

Year	Paints and varnishes			Nitrocellulose lacquers		
	Capacity (tonnes)	Production (tonnes)	Percentage utilisation of capacity	Capacity (kilolitres)	Production (kilolitres)	Percentage utilisation of capacity
1	2	3	4=3/2x100	5	6	7=5/6x100
1951	64,800	33,492	51.7	..	..	..
1960	72,240	51,816	71.7	3,600	1,584	44.0
1965	106,800	70,668	66.2	3,600	2,148	59.7
1966	105,960	67,236	63.4	3,380	2,076	61.8
1967	105,960	70,500	75.0	3,380	1,944	57.8
1968	77,520	65,400	84.0	2,484	1,872	75.3
1969	77,520	62,415	80.5	2,484	2,571	103.5
Annual compound rate of growth between 1951-69	1.0	3.5	..	—4.1 (a)	5.5 (a)	..

(a) Refers to compound growth rate between 1960 and 1969.
NOTE: Figures refer to the organised sector only.

SOURCE: Central Statistical Organisation, *Monthly Statistics of the Selected Industries of India*, Various issues.

an old tradition-bound industry where art and experience have predominance over science and technology. This was true of the industry prior to independence, but in the past two decades the industry has progressed considerably, particularly so on the technological side.

People are familiar with paints for homes and buildings. In the past, these used to be painted with dry distemper or oil-bound distemper on the interior and zinc stiff in boiled oil on the outside. Now plastic emulsion paint based on synthetic resin has technologically displaced the distempers and is widely used. Its main merits are that it is quick-drying, free from typical paint smell, it is easy to clean and really washable, and it has got a much longer life. On the outside of buildings,

zinc in oil paint has been replaced by alkyd-based synthetic enamels which have better finish and longer life.

Household articles such as fans are now painted with synthetic stoving enamels and the quality of finish is comparable to that of imported products. Indeed, the quality of the finish should be acceptable abroad considering the good success Indian fans have achieved in the export markets. Similarly, refrigerators use modern epoxy primers and synthetic stoving enamels which perform well under arduous Indian kitchen conditions. In the office, the typewriters are finished with epoxy stoving finishes. To take but one example from the transport field, the cars in the olden days used to be traditionally finished with nitrocellulose. Now these

are replaced by synthetic stoving enamels which have better durability and help to increase the productivity of the car manufacturing units.

How did the industry achieve this improvement in its products? The paint industry is a raw material intensive industry and the quality of the finished products is dependant on the purity and variety of raw materials out of which they are made. In the earlier years, the paint industry mainly used oils such as linseed oil, and natural gums such as Congo Gum or phenolic resins to produce its main products. This has now changed radically and the workhorse of the paint industry are alkyd resins. Indeed, oil has not only become a scarce but an expensive raw material as Indian linseed oil prices are 100 per cent higher than those in Western countries.

Alkyd resins are further supported by newer synthetic resins such as melamine formaldehyde resins, urea formaldehyde resins, epoxy resins, polyvinyl chloride and acrylic dispersions, etc, which are made in the country. In the pigment range, except rutyl titanium dioxide and special grades of carbon black, most of the other pigments required to provide a wide variety of shades are made in the country. This development of the infrastructure for the indigenous manufacture of pigments and synthetic resins which go to make paint is one of the major technological achievements of the past two decades.

Paint is a product which has a story in two parts. It is made by the paint industry but has to be applied and used by customer industries before the finished painted article emerges. Thus, the application methods, particularly in industrial paints, are as important as the manufacturing methods. Here, the general public is familiar with the conventional application methods such as brushing, spraying, dipping. However, now the industry has developed newer methods of painting such as airless spraying and electrostatic spraying. Airless spraying gives a faster rate of application and reduces labour requirements considerably and so puts up the productivity of workshops. Airless spraying is ideally suited for painting of large flat surfaces such as railway coaches, and if properly adopted, will put up the productivity of paint shops of railway coach manufacturing units. Electrostatic spraying, in which the paint particles are charged to high voltages of about 80,000 volts, reduces paint losses during application to the barest minimum and also permits assembly line production painting to be achieved. Electrostatic painting is particularly suitable for painting products of light engineering industry where it will improve the finish and reduce painting cost and thus assist in the country's export drive. As far as the householder is concerned, freon operated aerosol containers have been put on the market which would enable him to conveniently spray small articles around the home. These newer methods have been recently introduced in the country and their wider adoption will certainly give a boost to the paint industry's image as a modern industry.

Synthetic resins and varnishes form an integral part of finished paint and are invariably made in a paint factory. The bane of the paint industry has been the

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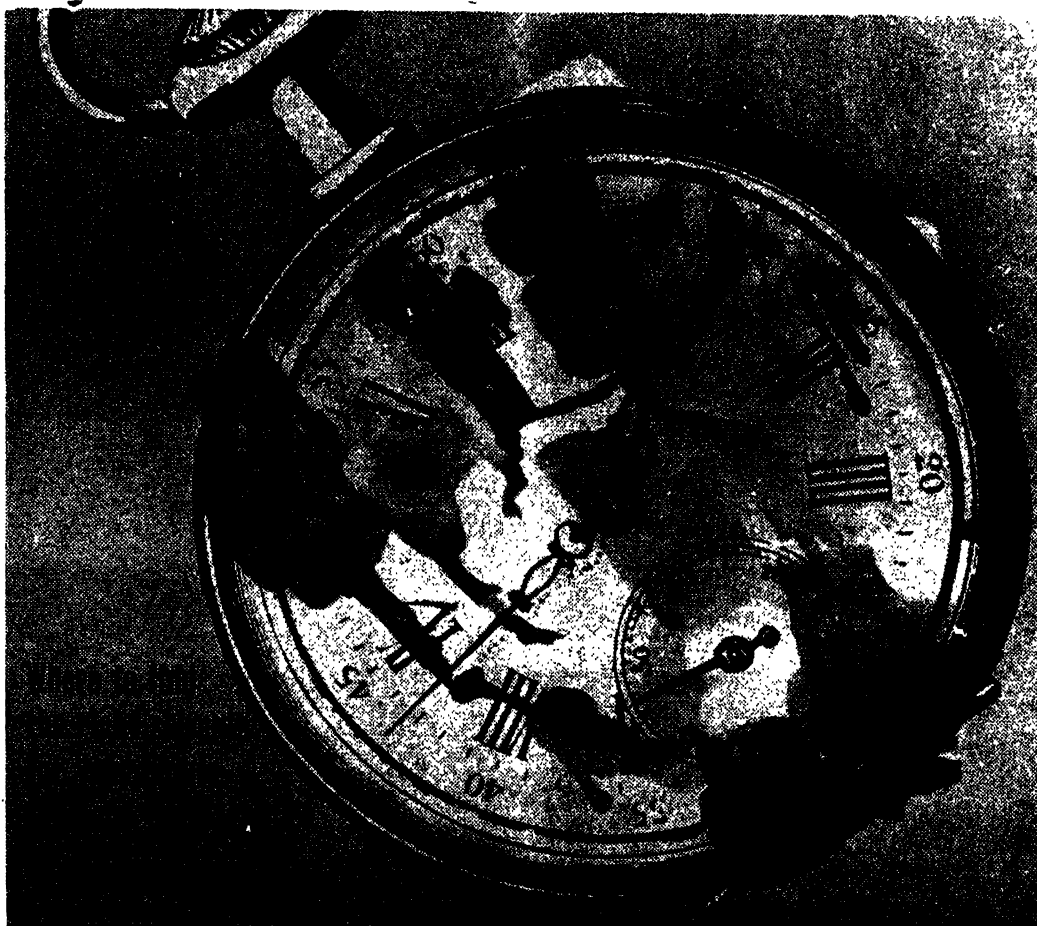
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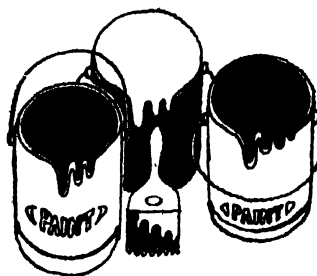
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small batch size in which synthetic resins and media have been made. Now the industry has changed over to bulk plants for manufacture of synthetic resins and varnishes. This gives the advantage of lower production costs, uniformity in quality and greater productivity.

Paints used to be made conventionally on single and triple roll mills and edge runners. The industry has progressed from roll mills to ball mills and recently the latest type of grinding equipment, the sand mill, has been introduced. A wider usage of sand mills is expected considerably to improve the productivity in the paint factories and this will help reduce the manufacturing costs. From the manufacturing standpoint, this has been a major technological development in the Indian paint industry in recent years.

No industry can hope to progress without proper research and development work. Further, this is dependant on the use of modern tools and techniques in carrying out actual laboratory work. The paint industry being a service industry has already developed specialised tests to simulate conditions prevalent in a wide spectrum of customer industries.

The industry has been doing intensive work on utilisation of indigenous materials such as cashewnut shell liquid, bhilwan nut liquid, shellac, rosin, etc. In addition, the industry has also started development work on newer materials such as isocyanates, acrylic resins, etc. This will enable the industry to take full advantage of newer materials and thereby upgrade the quality and widen the scope of its products.

Metal decoration

By F. J. McMELLAN

METAL decoration is one of the few areas in which the interests of the printing ink industry and the paint industry merge. Whilst the general basis for formulation is often very similar in the two industries, the widely different end applications make the two technologies completely different except in this specific field. The provision of roller coatings, pigmented and unpigmented, for the metal-decorating industry is a natural extension of ink-making, since the relationship between these coatings and the inks printed under or over them largely predetermines the performance of the entire decoration. Without prior intimate knowledge of roller-coating formulations it would be difficult, if not impossible, for inks to be matched to meet the varied and often very specific requirements.

Mr McMellan is Technical Controller of Coats of India Ltd, Calcutta.

Equally because many roller-coating formulations are closely related to modern and traditional paint systems, the involvement of the paint industry in the metal decorating field is also a natural corollary. It is however, inaccurate to describe such roller-coatings, as paints or to think of them in such terms. They are specifically formulated for application by roller-coater to the various substrates used by the metal-decorating industry. Tinplate is the most common of these, but it is not exclusive, and aluminium, lead, black-plate, chromium surfaced steel, etc, may all be encountered. Indeed, the major ink companies have built up a specialised expertise in this field that would be difficult to equal. The duality of the paint industry and the printing ink industry as suppliers to the metal-decorating market is most marked in the general line, body-can sector and becomes less pronounced in other more demanding applications such as pilfer-proof closures, etc.

The metal-decorating industry comprises a very large section of the packaging industry generally, covering metal containers of all types and metal closures for glass bottles. Protection of the base metal from corrosion by the package's contents and the effect of atmospheric conditions on the printed design of the package are two primary functions of metal-decoration. The preparation of suitable coatings and the method of application are initial objects of study due to the high-speed requirements of modern filling and handling methods. Metal-coatings, as supplied by the ink manufacturer, fall into two distinct classes. Roller-coatings, pigmented or unpigmented, comprise the first class, whilst tin-printing or tube-printing inks applied by conventional offset litho or dry offset are the second. The latter are generally used to provide the external decorative design.

If we consider initially the roller-coating, what functions must this fulfil? The metal sheet forming the container may be either black-plate, tin-plate or aluminium, etc. There are other possibilities as well. Even within the indicated substrates, tin-plate is low carbon mild steel strip coated with tin but this can be applied by either dipping in molten tin or electrodeposition. Both processes give differing products in terms of their relationship to the decorative coatings applied to them. Electrolytic tinplate exists in five recognised commercial finishes—bright, matt, silver, stone and 35B (shot-blast). Double reduced tinplate leads to decreased gauge for a given application, serving to reduce the cost to the can-maker. Non-tinned steels are also used, as has been previously indicated, and these include black-plate and chromium/chromic oxide coated plates. So even the basic substrates require a fairly extensive knowledge since all pose different criteria from the viewpoint of the decoration applied. That introduces a few variables.

Then the metal sheet is roller-coated with an internal lacquer which remains on the inside of the container after it is fabricated, to withstand the action of the contents. In order to withstand corrosion caused by emulsion paints, barrier creams, concentrated detergents and the like, the lacquer may have to be resistant to acid, alkali, fat, detergent, soap, etc. Moreover it may have to withstand the effect of subsequent cooking in the container of raw foods of all types. These may be acid in reaction, or give off sulphur products due to protein breakdown, etc, during the cook-

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ing process. As well as these demands for various resistant properties, the coating must combine these with excellent adhesion and electricity so that it withstands the body-forming and stamping operations. The external decoration can consist of size, roller-coating enamel, inks for printing the design and a final over-varnish, although on occasion some of these stages are omitted. The various coatings and inks may be submitted to a succession of stovings at varying temperatures. Therefore the products must not yellow, or change shade, or embrittle during the subsequent stoving operations. Further variables are to be considered when formulating metal-decorating products.

The final processed sheet has to withstand the effects of the making-up operations in the actual manufacture of the container or closure, and in the case of foods cooked in the package, retorting or pasteurising processes, without breakdown. Stamping and forming operations make heavy demands on the decorative system, particularly when the container or closure is deep-stamped or deep-formed. Closures are subjected to additional screwing and knurling operations. During all these varied and exacting mechanical processes, the coatings are stretched and abraded but

the requirement is that no adhesion breakdown occurs, no lifting of the various coating layers, no scoring, cutting or rubbing by the dies, etc, and no damage during sorting and packing operations.

In view of all these demands it is not surprising to find that a wide range of media find a use in metal decorating products. Epoxy, acrylic, vinyl, melamine systems are used in differing applications as well as the more traditional alkyd, and oleo resinous formulations. Roller-coatings for metal-decorating applications can be based on almost any of the established surface-coating resins and systems. This fortunate situation does not exist for the inks used in decorating containers, tubes and closures, due to the limitations imposed by the printing machinery employed.

It may not be widely appreciated that the current success of the offset litho printing process owes much to the tin-printer. Long before its application to paper and board work, the offset principle had been thoroughly developed for printing on sheet metal. Such material cannot be satisfactorily printed by direct impression of a metal plate because of the difficulty in achieving good contact between two metal surfaces and the damage that would be suffered by the litho plate. Therefore the

resilient transfer cylinder came into being. As well as the usual problems of drying and keying of the inks to the underlying coatings or directly to the metal surface itself, the offset litho process itself presents further demands for the ink to meet. There is a double transfer of ink, from plate to blanket and blanket to metal substrate (coated or uncoated), which means a very thin ink film is deposited, but this must have the colour strength required for the package design. The ink is in contact with water which provides another critical relationship.

In view of the demanding requirements of the fabrication processes, the printing and coating processes, the stoving, retorting and all the many and varied processes encountered when dealing with the business of metal-decorating, it is not surprising that supplying coatings and inks requires specialised knowledge and expertise. With the ever-increasing trend for high output speeds and improved fabrication techniques, the surface coating requirements can only be met by intensive research and development effort, and a high level of laboratory control during all stages of manufacture. No doubt, the paint and printing ink industries which cater for this market will continue to meet to the challenges offered.



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By A Correspondent

ed great opposition from the Indian paint industry was located near Calcutta and Bombay. Even upto the Second World War the number of paint factories, many of which were subsidiaries of companies in the UK, did not exceed a dozen. Except ordinary oil and pigment mixtures most of the paint materials were imported from the UK. The paint industry mainly consisted of the paint import trade. Strange as it may sound, even linseed oil, in those days, was being imported despite the fact that India has been the home of linseed oil. The Indian entrepreneurs who started paint factories had to face a situation in which even Indian dealers refused to stock their products while displaying British manufactured paints and varnishes.

The Indian paint industry has now over 600 units. Most of these are small, while in the organised sector there are nearly 150 factories. At the beginning of the First Plan the capacity of 50 major units was estimated at about 65,000 tonnes on the basis of double-shift working for 300 days per annum. The production of paints on

Manufacturing was estimated at 34,000 tonnes in 1955. In the First Five-Year Plan, the capacity target for paints and varnishes was placed at 70,000 tonnes and annual production target at 60,000 tonnes. By the end of 1955, the annual production could not cross even the 40,000 tonnes mark. The Second Five-Year Plan did not envisage any change in the targets of capacity or production. At the end of 1960, the production was 59,000 tonnes. The Fourth Plan envisages a 1.40 lakh tonnes production. The production of 17 major units in the country was about 60,000 tonnes in 1969. The per capita consumption of paints in India is low as compared to other countries.

The number of products which were previously imported are now available from indigenous manufacturers. However, their quality is not up to the mark. In some cases the quality is different from the products with which the paint formulator was conversant. This leads to difficulties from the point of view of compatibility, application, finish, processing, storage or performance.

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COMPANY MEETING

Bayer



Bayer (India) Limited

SPEECH of the Chairman, Mr B. M. Ghia, delivered on 21st April, 1971, at the Thirteenth Annual General Meeting of the Shareholders.

FRIENDS!

I have great pleasure in welcoming you to the Thirteenth Annual General Meeting of the Company.

Your must have already received the Annual Report of your Company for the year 1970. With your permission, I shall take it as read.

I am sure that you would have been happy to notice from the report that your Company's performance in 1970 was laudable. Sales increased by 29 per cent over the previous year and reached Rs 7.42 crores. Depreciation amounted to Rs 55 lakhs, as against Rs 50 lakhs in the previous year and the Statutory Development Rebate Reserve came down to Rs 54 thousand as against Rs 11 lakhs in 1969. The Company made a net profit of Rs 1.06 crores as against Rs 41 lakhs in the previous year. Consequently the loss carried forward has now been reduced to only Rs 17 lakhs— from Rs 1.23 crores. The total reserves of the Company at the close of the year amounted to Rs 1.25 crores.

We hope to improve the favourable trend in the sales as well as in profits during the year 1971.

It is gratifying to see that the **Rubber Chemicals Division** increased its sales in spite of the stagnation in the tyre industry due to prolonged strikes and strained labour relations in that industry. Rubber consumption was thus not increasing for the first time in a decade but it is bound to gather momentum with the restoration of normal conditions.

We introduced three new rubber chemicals in our manufacturing programme during 1969 and in 1970, four new products were added. We are thus doing our best to ensure that the requirements of the rubber industry are increasingly met by indigenous manufacture.

At the last Annual General Meeting, I informed you that your Company had applied for an expansion licence for rubber chemicals. A Letter of Intent in this connection was received in December 1970. This expansion is intended not only to increase our production capacity for the existing products in order to meet the growing consumption, but also to introduce some new products and intermediates which are now being imported. There are however certain difficulties in accepting the conditions stipulated in the Letter of Intent which we shall be discussing shortly with the Government.

Now, referring to the indent business of the **Chemicals Division**, you will be glad to hear that we have done well, although the overall import of chemicals into the country continued to decrease.

I have particular pleasure in informing you that we are planning to set up a plant for TDI (Toluene Di-isocyanate), the basic raw material for the manufacture of polyurethanes. An application for the

necessary Letter of Intent was submitted to the Government in March 1970 and we expect that your Company will receive it in the near future. Polyurethanes have a very broad use, the most important being Moltopren flexible foam with its numerous applications, for example, as mattresses, seats, cushioning material, lining for clothes and packaging material. Polyurethanes are used in the form of rigid foam for insulation in refrigerators, deep freezers, buildings and wagons. Semi-rigid foam finds application in the automobile industry as crash pads, arm rests, sun visors etc. Polyurethanes are also used as coatings and may indeed be used for several other purposes which may be developed in this country later on. Considering the wide scope, the importance of this project to the Indian economy seems obvious.

The **Pesticides Division** made good progress towards an increased turnover. I am pleased to say that in addition to "Ethyl Parathion", Methyl Parathion" and "Metasystox", we started the basic production of "Fenitrothion". The extended range of "Bayer Quality Pesticides" is showing its effect already on the sales during the first three months of 1971.

Our business in Household Pesticides is making steady progress. You are aware that they are highly effective insecticides originating from Bayer-research and in a sense, unique.

Our collaboration on scientific and technical matters with the scientists of Bayer Leverkusen and their world-wide organisation will be further intensified with the view of promoting better pesticides. We shall increase further our extension services and training efforts to acquaint farmers with correct and most economical pesticides—one of the most important inputs for boosting crop yields and the economic situation of farmers.

The performance of the **Pharmaceutical Division** may be considered to be satisfactory. As you are aware, there was some uncertainty in the business after the Drugs Price Control Order was introduced but this did not seriously affect your Company.

The plant for the basic manufacture of "Resochin" (Chloroquine Phosphate), the world-famous anti-malarial drug, has been working in full steam. We made substantial supplies to the Government, mainly for The National Malaria Eradication Programme and also to co-formulators. The basic production of a large number of other drugs was also increased at our multi-purpose plant, leading to considerable saving in foreign exchange.

With the co-operation of Bayer Leverkusen, we exported "Resochin", "Bayer's Tonic", "Detigon Linctus", "Mitigal", "Resotren Comp.", etc to Turkey, Thailand, Indonesia, Malaysia, Singapore and Ceylon.

I am pleased to say that we had full co-operation from all employees of your Company which has greatly contributed to our success in 1970. I am sure that such cordial relationship will continue to be maintained in future.

Thank you.

Notices

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DIVIDEND NO. 45

NOTICE IS HEREBY GIVEN THAT AT The Forty-seventh Annual General Meeting to be held in Committee Room No. 2 (2nd Floor) of the Bengal Chamber of Commerce and Industry, Royal Exchange, Calcutta-1, on Wednesday, the 21st July, 1971 at 11-30 a.m. the Directors will recommend payment of a Dividend (No. 45) for the year ended 31st December, 1970 of 11.11% (1111 Paise i.e. 20 Paise per unit of stock) subject to deduction of Tax, in respect of the Issued Capital £2,571,188, amounting to £285,688 (last year 8.889% amounting to £228,550). Subject to confirmation of members, the dividend will be paid on or after the 16th August, 1971 to all members registered in the books of the Company at the close of business on the 10th May, 1971.

The Registers of Members will be closed from the 11th May, 1971 to the 29th May, 1971, both days inclusive.

The profit before Taxation for the year ended 31st December, 1970 after providing £296,747 for depreciation (£319,669 last year) and £20,974 for Development Rebate Reserve (£135,798 last year) was £1,718,357 (against £1,225,126 for previous year), out of which £861,111 has been provided for Taxation (against £530,556) leaving a net profit for the year of £857,246 (against £694,570). To this has been added, £38,204 (last year £41,919) being the Development Rebate Reserve written back in respect of prior year, making a balance available for distribution of £895,450 (against £736,489). Out of this balance, £34,397 (against £35,477) has been transferred to Reserve for Capital Development, £ Nil (against £11,671) to Capital Reserve and the balance £861,053 (against £689,341) to General Reserve. The Directors will recommend the payment of the dividend referred to above out of General Reserve.

By Order of the Board,

S. N. SINGHANIA,
Secretary.

GILLANDER HOUSE,
NETAJI SUBHAS ROAD,
CALCUTTA-1.

Dated the 21st April, 1971.

DHUNSERI TEA AND INDUSTRIES LIMITED

THE DIRECTORS OF THE COMPANY have decided to recommend to the forthcoming Annual General Meeting to be held on 27th May, 1971 the following dividends for the year ended 31st December, 1970 subject to deduction of tax:—

- 10% on Cumulative Preference Shares.
- 12½% on Equity Shares.

By Order of the Board,

S. L. DHANUKA,
Mg. Director.

CALCUTTA: 19th April, 1971.

EXPORT ANGLE

By Stevedore

Downtrend in leather

FOREIGN exchange earnings from leather, leather goods and allied products during 1970-71 are expected to show a fall from the figure for the preceding year. This is the assessment of the Leather Export Promotion Council. In 1969-70 the total leather exports were of the order of Rs 98 crores of which Rs 53 crores were accounted for by vegetable tanned leather. The exports of this leather are handled directly by the Council. Its efforts during 1970-71 have resulted in shipments of only Rs 45 crores, which means in this item alone there is a shortfall of Rs 8 crores. It remains to be seen whether exports of other goods such as chrome tanned hides and skins footwear, raw goat and kid skins finished leathers and pickled goat skins will make good at least part of this loss or they themselves will also show a decline.

According to Mr T. S. R. Subramanian, Secretary of the Council, one reason for the fall in the unit price of our leathers, which was as sharp as 25 per cent in some cases. This development was the result of uncertain monetary conditions in European countries, industrial recession in America resulting in a number of manufacturers going out of business and unsettled fashion trends. But the market now seems to have steadied and Mr Subramanian hopes that 1971-72 will prove a very good year. He expects that the recent announcement by the Government of India of airfreight subsidy for finished leather and leather goods would give a fillip to the export of these items. The freight subsidy would neutralise 50 per cent of the freight actually paid subject to certain f.o.b. ceilings.

Good record of Hoechst

HOECHST Pharmaceuticals Ltd has succeeded in reaching an export figure of Rs 65 lakhs during 1970-71. This represents about 10 per cent of the total production of the company which hopes that during the current financial year its exports will rise further to Rs 75 lakhs.

The main items which have found a market abroad are baraligan keton and tolbutamide which were bought by Hoechst units in Australia, Mexico, Brazil and Egypt. But the company is also developing certain pharmacopical preparations with an eye on exports. One of them was sulphadimidine tablets which were supplied to Malaysia against a tender. A repeat order from Malaysia was also secured. In last December Hoechst exported reverin, a broad spectrum antibiotic, to its associates in Cairo. The value of this order was Rs 11 lakhs. It is expected that with the support of the Government Egypt's entire requirement of reverin will be met by the Hoechst factory in Mulund. Actual exports by Hoechst accounted for 7.2 per cent of the total exports of the pharmaceutical industry. The target set by the industry for 1971-72 is Rs 10 crores, and Hoechst,

the third largest exporter of pharmaceuticals in this country, will contribute Rs 75 lakhs towards that goal.

Market for threads

COATS of India has done a good job in the export of sewing threads. During 1970-71 these exports totalled Rs 1.08 crores and were double that of the figure in 1969-70. As many as 41 countries are buying this product. Apart from the direct export of threads, Coats has supplied top quality threads to the textile industry to be used in the manufacture of ready-made garments for export.

Relays to West Germany

ELECTRONIC Research Private Ltd, which went into production only a year ago, has received an order for 7,500 relays from West Germany. Company sources have said that the samples which were sent

to Germany earlier were found to conform to international standards. It is expected that exports will commence in the next few weeks. Electronic Research has plans to diversify its production and negotiations have been almost completed with Siemens for technical collaboration for manufacture of cradle relays and sealed polarised relays. Already Electronic Research has supplied 12,000 polarised relays to the Indian Telephone Industries and this has resulted in a saving of Rs 14.5 lakhs in foreign exchange.

Rayon cord for Austria

CENTURY Rayon is reported to have bagged an order for rayon tyre cord from Austria. The contract is worth Rs 60 lakhs. A trial order for about Rs 9 lakhs was executed last year and the new contract is a follow-up to that.

What India can sell

THE Directorate of Commercial Publicity in the Ministry of Foreign Trade has issued a further list of global tenders. The purchasing authorities, the items required and the closing dates of these tenders are as follows:

Argentina

SEGBA, Buenos Aires; Discharges; May 12, 1971.

Australia

Electricity Commission of NSW, Sydney; Capacitor voltage transformer; May 31, 1971.

Brazil

Central Eletrica De Furnas S.A. Rio de Janeiro; Microwave equipment; not specified.

Burma

Electricity Supply Board, Ahlone, Rangoon; Transformers; June 10, 1971.

State Timber Board, Rangoon; Solid tungsten carbide cutter, tyres and tubes, revolving chains, high pressure water pipe, brass slum, measuring tape, saws, chains, rectifier, bulldog grips for wire rope; May 10, 1971.

Industrial Development Corporation, Rangoon; Asbestos cement sheet manufacturing plant; June 30, 1971.

Electricity Supply Board, Rangoon; Brushes; June 10, 1971.

Industrial Development Corporation, Rangoon; Supply of complete modern asbestos cement sheet manufacturing plant on turn-key basis; June 30, 1971.

Ceylon

Ceylon State Hardware Corporation, Colombo; Steel items; May 10, 1971.

Iran

The Iranian State Railway, Teheran; Water filtration plant; June 8, 1971.

Kenya

East African Posts and Telecommunication Equipment, Nairobi; Distribution cable; June 15, 1971.

Malaysia

Binnie and Partners, Kuala Lumpur; Civil engineering works; June 30, 1971.

New Zealand

New Zealand Electricity Department, Wellington; Circuit breakers; June 30, 1971.

Papua and New Guinea

Supply and Tenders Board, Papua; Water raising equipment; May 25, 1971.

Singapore

Public Works Department, Singapore; Ula Pandan sewage construction; June 4, 1971.

Sudan

Sudan Tea Company, Khartoum; Tea; May 13, 1971.

The Sudan Gezira Board, Barkat; Rails and accessories and automatic sprinklers; May 17, 1971.

Trinidad and Tobago

Trinidad and Tobago Electricity Commission, Trinidad; Hardware and cable; May 28, 1971.

Tunisia

The Ministry of Public Works and Housing, Tunis; Reconstruction and modernisation of structures; Advance information for prequalification.

Uruguay

The Uruguaya Electricity and Telephone Authority, Montevideo; Transformers; June 10, 1971; Electrical equipment; June 11, 1971.

UAR

Misr Beida Dyers, Alexandria; Machinery for artificial fur and nappies; June 15, 1971.

Exporters may obtain the tender documents from the purchasing authorities of the respective countries. Further details about these overseas contracts can be had from the *Indian Export Service Bulletin*, dated April 24, 1971, issued by the Directorate of Commercial Publicity in the Ministry of Foreign Trade.

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Ideal for : Textile reactive dyes printing • Pharmaceuticals
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TO CENTRAL GOVT.
(Excise—25% on 'levy' & 37.5% on 'free' Sugar)

TO ACTUAL MFG. COSTS
(Labour, chemicals, packing, depreciation, etc.)

TO STATE GOVTS.
(Cane Cess/Purchase Tax)

Rs. 86.90

Rs. 40.00

Rs. 33.16

Rs. 8.75

**WE MAKE
SUGAR-
BUT WHO
MAKES
PROFITS?**

Category	Percentage
COST OF CANE (including Purchase Tax/Cess)	68.7%
MFG. EXPENSES (including incidentals ignored by Tariff Commission)	23.8%
RETURN ON CAPITAL	7.5%

Present Ex-Factory Cost: Rs. 139.31 per bag
Realisation: Rs. 128.00 per bag
LOSS: Rs. 11.31 per bag



The industry finances cane-growers through loans and also gives bank guarantees, timely quality inputs, free technical advice of experts, selected seed-setts, transport facilities, road maintenance, etc.

For continued cordiality of relationship, and because most factories are in undeveloped areas, the industry extends every conceivable amenity to its workers — housing, sanitation, canteens, fair price shops, dispensaries, hospitals, special medical camps, child welfare centres, recreation, children's education — all for the workers' welfare.

Though seasonal and agro-based, the industry has always risen to the goals of socio-economic justice, through maximum production and employment. Yet the industry is suffering. Will the Government realise and redress our plight? So far, our appeals have not been heeded.

BITTER FACTS ABOUT SUGAR

In Southern States, we are now losing over Rs. 11 per bag of Sugar on an average. Here are some reasons:

- Recovery of Sugar from cane is low in the South; in Tamil Nadu as low as 7.9%, or 79 kg. of Sugar per tonne of cane — against 9.4%, or 94 kg. of Sugar per tonne of cane, assumed by Government for fixing cane prices. Controlled Sugar price is also based on this very assumption.

- The Government's release orders are not equitable. Maharashtra, for example, produces 10 lakh tonnes of Sugar a year — i.e. more than all Southern States put together — but today holds no stocks of last year's production, and has sold over 1,00,000 tonnes of this year's production. On the other hand, we still hold roughly 15% of last year's production and also the entire current year's production (over 6 lakh tonnes valued at Rs. 80 crores). We suffer most in stock accumulation and unlifted allotments.

- Excise rates have skyrocketed — up to 1,400% since the first imposition.

- Last year alone, the Excise rise was 63% on free-market Sugar, and now 'free' Sugar is selling at less than the controlled price.

- In 1965, the Sugar Enquiry Commission recommended that a buffer stock be built up. In 1969, the Tariff Commission endorsed this. The Government has not acted on this. Result? We pay crores of rupees in interest & service charges on stocks. That is why we are in unprecedented arrears to cane-growers.

- The Government has not fully heeded Tariff Commission recommendations in fixing Sugar price. It has also ignored the Reserve Bank of India evaluation in 1967, showing poorest earnings of all by Sugar Industry. The condition is worse today. The implementation of the Second Sugar Wage Board Award from 1969 will further increase our costs.

The Southern Sugar Mills take 9 lakh tonnes of Sugar annually — about 22% of the country's production — worth about Rs. 120 crores.

In this, the Central Government gets about Rs. 36 crores in Excise levies; and the State Governments get about Rs. 8 crores in Cane Cess, Purchase Tax, etc. And the Sugar Mills? Last year alone they LOST over Rs. 6 crores!

The cost of Sugar-making in the country varies from Rs. 114 to Rs. 156 per bag. The cost of sugarcane (nearly 70% of the total) is equalised, such disparities will not arise.

INDUSTRY OF, BY & FOR THE PEOPLE

The Southern Sugar Industry is not in the hands of a few capitalists. It is actually owned by tens of thousands of farmers and rural investors of middle and lower classes.

Who depends on it? About 3,00,000 sugarcane growers — to whom the industry pays Rs. 80 crores annually. And over 45,000 workers — whose annual wage bill is over Rs. 9 crores.

RESULT?

We are facing a crisis. If this continues, the Mills may have to close down or curtail crushing.

WHO WILL SUFFER?

Nearly 3 lakh cane growers. And also over 45,000 workers.

WHAT'S THE REMEDY?

In the interests of national economy, cane growers, workers, and the public, the GOVERNMENT SHOULD

- BUILD UP BUFFER STOCKS
- REMOVE DISCRIMINATORY EXCISE LEVY ON 'FREE' SUGAR
- REDUCE CANE CESS/PURCHASE TAX
- LINK MINIMUM CANE PRICES WITH RECOVERY OF 8.5% AND BELOW, WITH SUITABLE PREMIUM FOR HIGHER RECOVERY

Will the Government act — before it's too late?



**THE SOUTH INDIAN
SUGAR MILLS
ASSOCIATION, Madras-1**

INDIAN ALUMINIUM COMPANY LTD.

Chairman, Mr H. V. R. Iengar's Speech

THE following is the speech delivered by the Chairman, Mr H. V. R. Iengar, at the Annual General Meeting held on April 28, 1971:

I welcome you to the Thirty-third Annual General Meeting of the Company.

I am sorry to say that for reasons of health I am unable to be present at this annual shareholders' meeting which I had the pleasure of attending every year since I became Chairman of this Company.

A highlight of our year in 1970 was the formal opening of the Belgaum plant on November 7 by the President of India, Shri V. V. Giri was good enough to refer in his address to Indal as a progressive employer with an enlightened approach to labour problems. His kind remarks were much appreciated and Indal will endeavour to continue to live up to them.

Let me concentrate my remarks on our Company's performance over the past year and dwell a little on some of the problems which are outstanding.

Sales increased substantially in line with increased production. Our new alumina and smelter facilities reached planned capacity levels in a commendably short space of time. All of our older plants also performed well, and after allowing for the effects of the strike at Hirakud, record levels of output were attained in 1970. This is particularly gratifying as plants become subject to wear and tear as they grow older and need more intensive maintenance and attention.

Whilst our sales volume and sales revenues increased very substantially last year income showed hardly any change. Whilst this was largely due to the absorption of start-up expenses at the new smelter at Belgaum the Company's costs continued to be affected by price increases in its raw material and other inputs. It is disquieting that in the face of these continued additions to prices of raw materials our own selling prices are frozen by Government at levels which are, on average, Rs 250 per tonne lower than the prices we were receiving at the end of 1966. Such a situation was difficult to envisage when the Belgaum project was launched.

Our forecast of metal demand indicates a continuing shortfall in indigenous supply for the next few years, in spite of the rapid rate of expansion of the industry. During this period metal will have to continue to be imported and it is interesting to note that during the past month it has been reported that imported metal was being offered for sale about Rs 1,600 per tonne higher than Indal's price. It seems that this is additional proof of the need for urgent further expansion of domestic production and evi-

dence also that there is scope to encourage our industry in India without being unfair to customers.

It should be observed that Indal's record over the past decade is one of continuous expansion and our 1970 production and sales show a fourfold increase over 1961. About fifty crores of capital expenditure has been made over these ten years, and we are providing full-time employment for almost two thousand additional people.

So far as Indal is concerned our intention is to endeavour to continue to expand although it should be appreciated that major expansion projects take three or four years under construction and that to forecast the viability of a proposed expansion is difficult over a lengthy period when one sees rising costs and frozen prices. We hope that Government will provide some measure of relief upon hearing the findings of the Working Group appointed to study our industry.

Our Talaja project is going ahead steadily although it has been subject to some delays caused by the steel shortage and procedural difficulties in obtaining import licences. It is hoped that the sheet mill will be in operation by the end of the year, although all the proposed facilities will not be completed until next year. The sheet mill will be a most important addition to our facilities and will materially contribute to developing new uses for aluminium. As shareholders will know, aluminium producers are restricted in the amount of semi-fabricating capacity they can install, limiting such capacity to about half of smelter production. Whilst the purpose of this policy is to ensure that adequate supplies of ingot are available for conductors for the electrification programme, it does leave producers in an awkward position if demand from the electrical sector falls off for any reason, the demand for products in ingot form, outside the cable industry, being relatively small.

In the long run the quantity of metal required by the conductor industry will fall substantially below half of smelter production. If domestic markets are to be found for the additional volume of metal that will be available when demand by the cable industry declines, semi-fabricating facilities must exist to convert a large part of this additional ingot into usable forms. Since it takes about three years to plan and install such facilities it will be important that any change in demand by the conductor industry be seen sufficiently far in advance to permit the timely installation of additional semi-fabricating facilities.

We believe this transition in the market would be more easily catered for if

producers were allowed to install facilities now, for a rather larger percentage of their smelter production.

Our new mill will bring our semi-fabricating facilities into line with the increased smelter production and provide our customers with sheet products as good as any available in the world today.

The addition of the fourth potroom of 10,000 tonnes per annum capacity should be completed this year at Belgaum and it is anticipated metal production from this will start by January 1 next.

Application has been made to the Controller of Capital Issues for permission to make a bonus issue in the ratio of one new share for each two shares held. This is intended to bring our issued capital more in line with the true picture of the Company's assets.

Sales for the first quarter of the current year continue to absorb all metal produced and our plants continue to operate at a high level of efficiency. This level is proving quite difficult to maintain as shortages are apparent and delays occur in the supply of vital raw materials such as pitch, cryolite and fluoride. However, with a full year's production to be anticipated from both Belgaum and Hirakud, we look forward to an increase in production in 1971, of twenty-five per cent over 1970. We have current collective labour agreements at all our locations covering all of 1971 and hope for a satisfactory year so far as industrial relations are concerned.

In February, Dr C. L. Katial resigned from our Board after eleven years of distinguished service to the Company as a Director, our good wishes go with him in his retirement.

I regret to say that Mr Dana T. Bartholomew who retires from the Board in accordance with Article 117 of the Company's Articles of Association has informed us that he does not wish to seek re-election. Mr Bartholomew has been a member of Indal's Board since April 27, 1966 and has given us valuable help and guidance particularly in financial matters. He was a staunch supporter of Indal and we will miss very much his presence on our Board.

I am glad to inform you that Mr John H. Hale who has succeeded Mr Dana T. Bartholomew as Executive Vice-President, Finance and Treasurer of Alcan Aluminium Limited, has expressed his willingness to serve on our Board. A resolution concerning his appointment will be moved later.

Meeting construction deadlines and improving on existing efficiencies in our plants demands hard and constant work from our employees. Great credit should be given to all our management staff and to our work people for the keenness and enthusiasm shown by them. Growth of the Company creates new challenges and it is good to record the excellent attitude towards change and a willing response from all our people.

NOTE: This does not purport to be a record of the proceedings of the Annual General Meeting.

CENSUS 1971

Population densities getting even

By Commerce Research Bureau

WHILE the release of the full results of the 1971 census operations through about 2,000 publications may go on for the next ten years or even more, the first summary results have been published in Paper 1 of the Census of India 1971 under the title *Provisional Population Totals*. One must admire the sense of urgency displayed by the census organisation. The enumeration all over the country was over on April 3. The summary results from all the States and the Union Territories were received in the Census Commissioner's Office at New Delhi by April 8. The printed document, with a number of tables and well-prepared maps, was officially released on April 12. These results will be briefly discussed in the following paragraphs. The basic data from Paper 1 are presented at the end in three statements.

We may start with the most important single figure, namely, the total population. The provisional total has yielded a figure of 547 million, as against 439 million recorded in 1961. Thus, in a single decade our population has gone up by 108 million or 24.6 per cent—a staggering rise by any standard. This addition is more than the present total population of Japan. It was truly a decade of an unprecedented population explosion.

Yet, paradoxically enough, the actual results of the census have come as a bit of a happy surprise to the census organisation and the demographers. For, only recently an official committee of experts estimated that the population of the country on April 1, 1971 would be 561 million. The actual figure has turned out to be 14

million less. In Paper 1, the Census Commissioner Mr A. Chandra Sekhar has put forward two likely explanations for this happy result. These are:

(1) "It is...likely that the infant mortality rate assumed (by the committee) was an under-estimate which might have led to an overexpectation of fall in mortality for the period 1961-70."

(2) "Besides, it is possible that the impact of family planning has been imperceptibly more than what could be assumed by the expert committee."

This downward correction of 14 million in the official estimate of India's population is, however, a poor consolation. For, a far more important revelation of the census is that the alarming acceleration in the growth of India's population which was in evidence in the pre-1961 years, is now seen to have continued in the latest decade also.

It will be noted that barring a major dip in the decade 1911-1921 (due to pestilence) and a marginal dip in the decade 1941-1951 (due to the holocaust that accompanied partition), there has been a

Table 1: Decennial growth rate of India's population: 1901 to 1971

Year	Population in million	Variation in million	Percentage variation
1901	238.3		
1911	252.0	13.7	+ 5.73
1921	251.2	-0.8	- 0.30
1931	278.9	27.7	+ 11.00
1941	318.5	39.6	+ 14.00
1951	361.0	42.5	+ 13.31
1961	439.1	78.1	+ 21.64
1971	547.0	107.9	+ 24.57

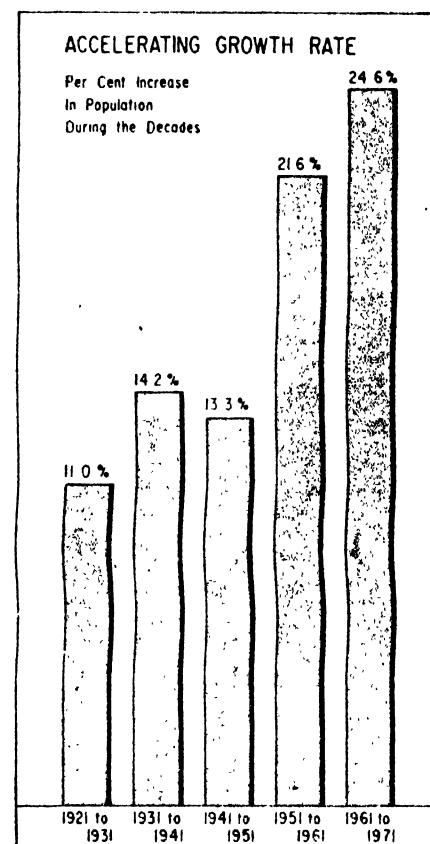
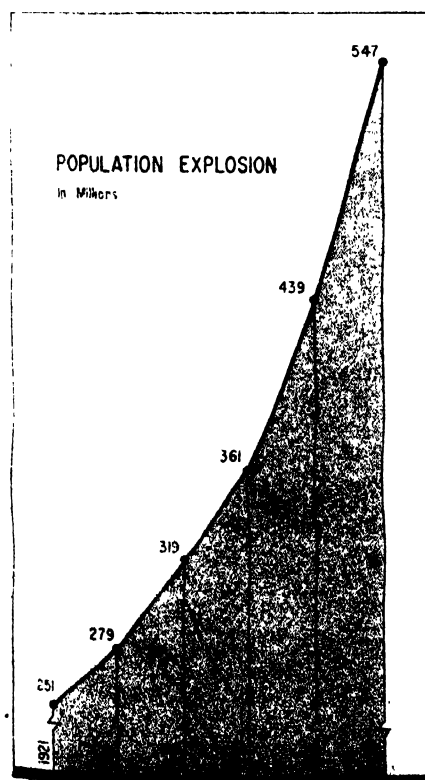
steady acceleration in the growth rate of population throughout the period covered by these data. Concentrating on the recent decades, the decennial growth was 13 per cent during the decade ended 1951. The growth rate rose sharply to 22 per cent in the next decade. As the census data have now revealed, there was an unprecedented increase of 25 per cent in the latest decade (1961-1971). Putting it in different terms, the average annual rate of increase of population during the last three decades has been 1.3 per cent, 2 per cent and 2.2 per cent, respectively.

In the context of this steady acceleration, an important question obviously arises in our mind. What could be the likely growth rate of population in the coming decade? Would the high rate of 25 per cent continue or even rise further? Further, turning to the decade 1961-71, what could have been happening to the population growth rate year by year? Was the growth rate increasing throughout the decade? Or, was it that it rose in the earlier years and then started falling in the later years? One can be sure that, in the due course, official and non-official demographers would be providing interesting answers to these crucial questions.

For the time being, we may note that during the last 50 years, India's population has more than doubled from 250 million to 550 million. Even after making a reasonable allowance for some slow-down in the growth rate, it appears that our population may again almost double to touch the 1,000 million mark by about 2000 A.D., which is not very far. The 1971 census, therefore, has once again reminded us about the supreme necessity of further intensifying our family planning programme.

As can be expected, the regional pattern of demographic growth rate differs from State to State (Statement 1). Behind the national average of 25 per cent increase during the latest decade lies a wide diversity. The corresponding figure is as high as 40 per cent for Nagaland and 34 per cent for Assam on the one hand and 20 per cent for Uttar Pradesh and 21 per cent for Andhra Pradesh on the other hand. The census document gives some interesting comments on the regional pattern of growth rate of population. Its major propositions are as under:

(1) The hollow basin of thinly populated districts of Orissa, Madhya Pradesh, Rajasthan and Gujarat, is getting rapidly filled. (2) At the same time, the densely populated valley of the Gangetic plain, the eastern coastal region and the southern peninsula are showing distinctly poor growth rates. (3) The Gangetic plain districts seem to show a sign of satura-



tion. Surplus population of this region is getting syphoned to the sparsely populated regions of the country. (4) As the document rightly notes, "perhaps this is an indication of healthy internal migrational trends and an equitable distribution of population."

The hypothesis that high density areas have low growth rates and low density areas have high growth rates is broadly corroborated by an elementary analysis presented in the following matrix.

Apparently, the exceptions to this hypothesis are: (i) Haryana, Kerala, W. Bengal, which have high densities as well as high growth rates and (ii) Andhra Pradesh, Himachal Pradesh and Mysore, which have low densities and low growth rates. As for West Bengal, the high growth rate is largely due to more or less steady inflow of refugees from East Bengal. Through a closer analysis, other seeming exceptions can also be explained.

Needless to add, a deeper and more satisfactory analysis can be conducted only in terms of the district level data. While the document under review gives excellent maps depicting the district level data, it does not give the underlying statistics.

Literacy

As can be seen from statement II, the literacy rate for the country as a whole has been found to be 29 per cent. The corresponding figure in 1961 was 24 per cent. The progress during the entire decade thus works out to only 5 points or 22 per cent. Even after 24 years of independence, 71 per cent of the population is still illiterate. This highlights our grave failure in this field.

In this context, apart from the absolute level of the literacy rate, it is worthwhile concentrating attention on the rate of increase of literacy. The relevant data are presented in table 3.

There are regional variations in this respect also. If the increase in the literacy rate for the country as a whole is 22 per cent, the corresponding figure was substantially higher for Laccadive, Minicoy, Amindivi islands (87 per cent) on the one hand and as low as 7.4 per cent for Delhi and a setback in the literacy rate for Assam (-1.5 per cent). Generally the pace of progress of the Union Territories has been better than that of the States. Among the States which have fared well above average are: Jammu and Kashmir (66 per cent), Meghalaya (54 per cent), Nagaland (53 per cent),

Table 2: Relationship between the density in 1961 and population growth in the decade 1961-1971

		Density in 1961	
		Above the average	Below the average
Population growth in the decade 1961-71	Above the average	Haryana Kerala W. Bengal	Assam (includes Meghalaya) Gujarat Madhya Pradesh Maharashtra Nagaland Orissa Rajasthan Jammu and Kashmir
	Below the average	Bihar Punjab Tamil Nadu Uttar Pradesh	Andhra Pradesh Himachal Pradesh Mysore

Himachal Pradesh (43 per cent) and Haryana (34 per cent). Among the major States, the best performance is that of Maharashtra (31 per cent) and the poorest that of Bihar (9 per cent).

Beyond doubt, by far the most spectacular performance has been that of Kerala. Even in 1961, Kerala stood first among all the States with literacy rate of 41 per cent. In the subsequent decade, it took another big jump in the literacy rate and maintained its prime position among all the States with literacy rate of 60 per cent. This State provides a model for the whole country.

A black spot of India in this respect should be noted here—female literacy. While the literacy rate for the males is 39 per cent, it is only 18 per cent for females. For Bihar, the second largest State of India in terms of population, the female literacy rate is as low as 9 per cent. For Rajasthan it is still lower at 8 per cent.

Metropolitan cities

The document also gives some basic statistics for cities with population of one million and above. Unfortunately the data are not for cities but rather only for agglomerations, that is inclusive of several small townships around the major cities. So defined, there were eight cities of this size in 1961. In 1971 their number was nine. Poona urban agglomeration was the new addition: it recorded a population of 11 lakhs. At the other end, the Calcutta urban agglomeration maintained its prime position with a population of 70 lakhs. Greater Bombay, with 59 lakhs, Delhi urban agglomeration with 36 lakhs and Madras agglomeration, with 25 lakhs, ranked second, third and fourth in that

order. The combined population of these nine metropolitan cities adds upto 2.7 crores or 4.9 per cent of the total population of the country.

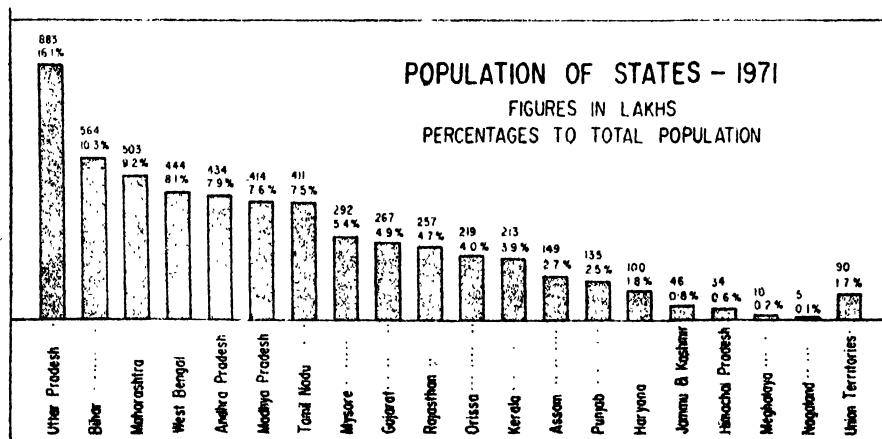
As usual the sex ratio in the metropolitan cities is very low. In the country as a whole, for every 1,000 males there were only 932 females—a reflection of the relative neglect of health of females. Against this national average, the corresponding figure for Calcutta urban agglomeration was 883.

Table 3: Pace of increase of literacy rate in different regions 1961-71

Rank	State/Union territory	Percentage increase
1	Laccadive, Minicoy and Amindivi Islands ..	86.7
2	Jammu and Kashmir ..	65.9
3	Dadra and Nagar Haveli ..	58.8
4	Meghalaya ..	53.8
5	Nagaland ..	52.6
6	Tripura ..	52.5
7	Himachal Pradesh ..	47.3
8	Goa, Daman and Diu ..	44.8
9	Haryana ..	33.9
10	NEFA ..	31.0
11	Maharashtra ..	31.0
12	Andaman and Nicobar Islands ..	29.3
13	Madhya Pradesh ..	28.6
14	Kerala ..	28.4
15	Tamil Nadu ..	25.4
16	Punjab ..	24.0
17	Mysore ..	23.9
18	Rajasthan ..	23.5
19	Uttar Pradesh ..	22.6
	India ..	22.1
20	Orissa ..	20.6
21	Chandigarh ..	19.9
22	Gujarat ..	17.2
23	Andhra Pradesh ..	15.9
24	Pondicherry ..	15.8
25	West Bengal ..	12.0
26	Bihar ..	8.5
27	Manipur ..	7.8
28	Delhi ..	7.4
29	Assam ..	-1.5

meration was as low as 686. The sex ratios for Greater Bombay and Delhi urban agglomeration were slightly higher at 721 and 796, respectively.

As can be expected, the literacy rates in the cosmopolitan cities were substantially higher than the national level. The literacy rates ranged from 51 per cent in Kanpur to 64 per cent in Greater Bombay. Bombay thus has the proud distinction of being the most educated metropolitan city of the country. (For census statistics see page 826.)



BALANCE SHEETS

EXPORTS CROSS CRORE-MARK

Philips India fares well

Philips India Ltd. (Chairman and Managing Director: Mr J. Lusink, Calcutta) has recorded a remarkable improvement in its working for the year ended December 31, 1970. The company's sales at Rs 37.7 crores (Rs 30.2 crores in 1969) represent a handsome rise of 24.8 per cent. The gross profit rose to Rs 7.8 crores from Rs 6.2 crores. The net profit, after depreciation and taxation, amounted to Rs 2.5 crores (Rs 1.9 crores). The ordinary dividend was 20 per cent (23 per cent) and it is payable on the increased capital. During the year under review, the subscribed capital of the company was raised from Rs 3.64 crores to Rs 5.46 crores by issue of bonus shares of Rs 1.82 crores in the ratio of one share for two shares held.

The company's gross profit margin works out to 20.8 per cent against 20.5 per cent. The ratio of net profit to net worth comes to 24.8 per cent (21.9 per cent).

During the year under review, production of incandescent and fluorescent lamps as well as lamp components, which are also supplied to other lamp manufacturers was maintained at full capacity at the company's factory at Kalwa, near Bombay. The additional plant for the expansion of glass tube making capacity was commissioned during the year. Production of electrodes was below capacity because of the extreme shortage of local mild steel wire and the non-availability of stainless steel. The company's factory at Loni, Poona, maintained its production of electronic components at full capacity.

In the year under review, the company's factories at Calcutta and Poona continued to produce radio receivers at full capacity in spite of great difficulties in procuring raw materials and some component parts of the requisite quality and quantity. A new range of radio sets was launched incorporating the latest designs and techniques. A new factory has been set up at Bhosari Industrial Estate, Pimpri, Poona, where production started towards the close of 1970.

Sales of all product lines increased in 1970 with radio, light products and components for other lamp manufacturers contributing considerably to the higher sales. Telecommunication equipment and welding electrodes also showed a significant growth in sales. The company has extended activities in the field of sophisticated professional and scientific equipment and a special programme of customer education and sales promotion was undertaken during the year.

The company's exports crossed the Rs 1-crore mark during the year and were 40 per cent more than in the previous year. The exports included radios, lamps, electro-acoustic equipment, electronic measuring equipment and electronic components to Europe, the Far East, and West Asia.

Deliveries of fully transistorised portable transceivers from the telecommunication factory at Calcutta against firm orders from the Government started in the second half of the year. This order is ex-

(In lakhs of rupees)				
For the year ended 31st December				
	1970	1969	1968	1967
Total earnings	38,20.12	30,70.01	27,43.56	23,84.73
Sales including				
excise duty	37,68.00	30,20.64	26,54.56	23,39.65
Other income	32.45	26.62	13.55	14.46
Stock adjustment (of				
finished goods)	+28.67	+22.85	+75.45	+30.43
Opening	405.52	382.67	307.22	270.79
Closing	434.19	406.52	382.67	307.22
Total expenses	30,46.75	24,51.92	21,88.04	18,54.03
Materials consumed	15,08.50	12,44.38	11,60.22	988.43
Salaries and wages	544.36	451.26	392.81	349.57
Excise duty	282.29	223.43	189.81	179.51
Other expenses	651.21	533.85	486.10	386.52
Gross profit	782.37	618.09	555.52	530.70
Depreciation	110.05	91.01	93.60	90.80
Profit before tax	672.32	527.08	461.92	439.90
Taxation	425.00	340.00	305.00	295.00
Profit after tax	247.32	187.08	156.92	144.90
Withdrawals from				
reserves and				
write-backs	8.39	79.99	7.55	36.91
Development rebate	20.00	20.00	7.00	10.00
Other reserves	125.50	193.25	84.87	102.00
Ordinary dividend	109.20	83.72	72.60	69.10
	(20%)	(23%)	(20%)	(19%)
Market prices of				
ordinary shares				
(in rupees):				
High	60.25	58.50	38.25	26.75
Low	39.00	37.94	24.25	22.75
	X.R.			

pected to be completed by the end of 1972. On the basis of a letter of intent received by the company, the preparations for the production of taperecorders were taken up. Due to certain conditions imposed by the Government, the production of taperecorders which was originally expected to start in Pimpri in 1972 will be delayed. The company has applied for the production of television sets.

Indian Aluminium

THE performance of Indian Aluminium Co Ltd (Chairman: Mr H. V. R. Iengar, Calcutta) for the year ended December 31, 1970 was highly encouraging. The company's sales spurted to Rs 35.4 crores from Rs 26.4 crores in the previous year. The gross profit was substantially higher at Rs 8.2 crores (Rs 6.8 crores). The net profit, after depreciation, increased to Rs 5.3 crores (Rs 4.9 crores). The ordinary dividend has been maintained at 14 per cent.

The company's gross profit margin works out to 23.2 per cent against 25.7 per cent. The ratio of net profit to net worth comes to 16.7 per cent (15.4 per cent). The company proposes to issue ordinary bonus shares of Rs 6.01 crores in the ratio of one bonus share for two shares held by capitalising reserves. The issue is subject to the approval of the Government.

During the year under review, expenditure on new plant and equipment amounted to Rs 9 crores most of which related to the West Coast Project. The

smelter production increased to 61,665 tonnes from 41,561 tonnes in 1969. This 48 per cent rise is accounted for by the additional output from the Belgaum smelter where the production was 27,210 tonnes (1,128 tonnes). Production at the Hirakud smelter was lower at 16,198 tonnes (22,576 tonnes) due to a three-month strike. Operations at this smelter have been satisfactory since the end of the strike on April 27, 1970. The Alupuram smelter produced 18,257 tonnes which was only slightly above the previous year's output.

The Muri alumina plant operated at capacity and bauxite mining at Lohardaga kept pace with Muri's requirements. At Belgaum, production of hydrate started in March 1970 and of alumina calcination in August. The sheet rolling mill at Belur, the extrusion press at Alupuram and the foil plant at Kalwa, reached record production levels in the year. Powder and paste production at Kalwa was slightly lower than in the previous year. The Properzi mill at Alupuram achieved high levels of productivity and production was higher than in 1969.

During the year, sales volume was 62,595 tonnes (42,997 tonnes) and represented a rise of 45 per cent over 1969. Most of the additional tonnage was sold as ingot and sales of semi-fabricated products amounted to 22,737 tonnes (20,378 tonnes). As much as 600 tonnes of semi-fabricated products valued at Rs 37 lakhs were exported.

At Belgaum, the third potroom and the alumina plant were commissioned during the year. All the major units of the

(In lakhs of rupees)				
For the year ended 31st December				
	1970	1969	1968	1967
Total earnings	35,57.38	26,71.84	22,35.37	21,98.59
Sales including				
excise duty	35,39.90	26,42.77	21,09.20	21,57.69
Other income	80.01	96.24	55.75	27.08
Stock adjustment (of				
finished goods)	-62.65	-67.17	+70.36	+14.13
Opening	291.87	259.04	288.68	274.56
Closing	229.34	291.87	369.04	288.68
Total expenses	27,36.93	19,68.09	16,57.94	14,80.67
Materials and stores	12,24.21	872.62	650.78	516.31
Salaries and wages	468.79	415.25	385.56	351.35
Excise duty	22.47	104.81	80.79	44.96
Other expenses	10,21.46	800.61	641.01	568.15
Gross profit	820.45	678.75	577.43	718.22
Depreciation	293.30	190.67	176.76	175.00
Profit before tax	527.15	487.88	400.67	543.22
Taxation	...	59.00	199.00	274.00
Profit after tax	527.15	428.88	201.67	269.22
Write-backs	48.80	2.42	60.12	10.38
Development rebate	252.00	205.00	10.75	21.00
Other reserves	153.25	56.44	91.00	129.00
Dividends:				
Preference	2.50	1.81	1.89	3.22
Ordinary	164.20	168.19	154.23	173.16
	(14%)	(14%)	(14%)	(11%)
Carry forward	0.02	0.02	0.16	0.25
Market prices of				
ordinary shares				
(in rupees):				
High	40.00	36.65	27.70	32.85
Low	28.40	22.65	18.00	21.90

smelter and alumina plant are now in operation. The production at the new sheet mill at Talaja is expected to commence by the close of this year. The company has received an industrial licence to expand the Belgaum smelter by the addition of a fourth potroom, which will add about

10,000 tonnes per annum to the capacity already installed. This is expected to be completed by the end of this year. It is estimated to cost about Rs 4 crores. □

Bayer (India)

BAYER (India) Ltd (Chairman: Mr B. M. Ghia, Bombay) has improved its sales for the year ended December 31, 1970 to Rs 7.4 crores from Rs 5.8 crores in the previous year. The gross profit rose to Rs 1.6 crores from Rs 1 crore. The net profit, after depreciation, was Rs 106 lakhs (Rs 52 lakhs). After adjustment of this profit against the company's accumulated losses of Rs 123.02 lakhs (as on December 31, 1969) a debit balance of Rs 17 lakhs has been carried forward. Against this the company holds reserves and surplus amounting to Rs 125.5 lakhs.

The company's gross profit margin works out to 21.6 per cent against 17.6 per

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	814.25	608.67	488.16	351.86
Sales including				
excise duty	742.46	577.10	410.07	277.43
Other income	23.40	20.80	18.73	81.73
Stock adjustment of				
finished goods	+48.39	+10.08	+0.36	+42.70
Opening	76.54	65.86	65.50	22.80
Closing	124.93	76.84	65.86	65.50
Total expenses	653.63	506.90	420.52	355.24
Materials and stores	278.80	211.85	172.56	146.15
Salaries and wages	91.43	75.87	64.39	49.09
Excise duty	13.50	11.49	7.13	4.29
Other expenses	275.31	210.16	176.44	155.21
Gross profit	160.62	101.77	17.64	-3.38
Depreciation	54.66	50.02	46.54	45.20
Profit before tax	105.96	51.75	-29.20	-48.58
Taxation				
Profit after tax	105.08	51.75	-29.20	-48.58
Write-backs	0.80	0.81		
Development rebate	0.64	11.00	11.10	55.08
Carry forward	-17.00	-123.02	-164.09	-123.78
Market prices of				
ordinary shares				
(in rupees):				
High	250.00	164.00	134.00	101.00
Low	138.50	123.75	77.00	79.50

cent. The ratio of net profit to net worth comes to 25.2 per cent (12.3 per cent).

There was a rise in sales of all the three divisions, i.e. rubber chemicals, pesti-

cides and pharmaceuticals. As in the previous year the company was able to meet all its requirements for capital expenditure, increased working capital and repayment of long-term loans almost entirely from internal sources. The cost of production has shown a downward trend and this was possible because of the increased sales during the year, resulting in satisfactory utilisation of production capacities of all the plants.

The company has already received a letter of intent from the Government of India for effecting considerable expansion in the manufacture of rubber chemicals and to manufacture intermediates thereof. It is proposed to set up a plant for the manufacture of TDI (Toluene-Di-isocyanate) an important raw material for the manufacture of polyurethane foams. The necessary application for the manufacturing licence was submitted to the Government of India last year. A letter of intent is likely to be granted to the company in the near future. □

Kamani Engineering

KAMANI Engineering Corporation Ltd (Chairman: Mr P. R. Kamani, Bombay) has recorded an excellent performance for the year ended September 30, 1970. Sales at Rs 14.2 crores were nearly twice as much as Rs 7.5 crores in the previous year. The gross profit was Rs 41 lakhs against a loss of Rs 10 lakhs. The profit, after depreciation, amounted to Rs 26 lakhs (loss of Rs 24 lakhs). The ordinary dividend has been stepped up to 9 per cent from 6 per cent. During the year under review the production of towers and other structures was maintained almost at the same level as in the previous year. This was an achievement in the background of chronic shortage of steel and bolts and nuts.

The company's export turnover amounted to Rs 8.18 crores (Rs 1.81 crores). It also completed its first US order of the value of Rs 1 crore. The same purchasing authorities have awarded an additional order of 500 kv towers to the tune of Rs 15.74 lakhs. The turn-key job of Rs 6 crores in the Sudan is expected to be completed in the current year. The company

has secured two turn-key jobs, one in West Asia and another in South-East Asia.

The company has undertaken construction of a hydro-power station at Ukai. This is a turn-key job involving deep rock excavation, heavy civil engineering work, mechanical erection and commissioning of equipment, including turbines and generators. The railway electrification work on the Baroda-Ahmedabad section is in its final phase.

The company is developing a series of modern production lines to meet the grow-

(In lakhs of rupees)

	For the year ended 30th September			
	1970	1969	1968	1967
Total earnings	16,97.83	899.42	908.64	685.11
Sales	14,23.03	749.01	881.05	635.96
Other income	290.89	62.88	25.79	29.79
Stock adjustment of				
finished goods	-15.40	+87.58	-8.20	+19.37
Opening	127.58	40.00	48.20	23.88
Closing	112.04	127.58	40.00	48.20
Total expenses	16,56.97	909.99	849.56	629.12
Materials and stores	10,60.87	479.08	470.88	342.58
Salaries and wages	253.85	202.76	188.69	137.90
Erection charges	107.87	56.04	55.42	43.24
Other expenses	264.88	171.28	138.67	105.40
Gross profit	40.86	-10.57	54.08	55.99
Depreciation	14.99	13.10	22.62	14.99
Managing agency remuneration	0.38	0.50	3.09	3.47
Profit before tax	25.64	-24.17	28.47	37.53
Taxation				
Profit after tax	25.64	-24.17	16.77	20.63
Write-backs	0.65	37.59	1.03	0.20
Items of prior years			-1.17	-0.58
Development rebate			5.73	14.96
Other reserves	10.36	6.63	0.16	0.25
Dividends:				
Preference	2.47	2.47	2.47	2.47
Ordinary	7.42	4.35	8.28	8.28
(%)	(9%)	(6%)	(12%)	(12%)
Carry forward	0.06	0.02	0.05	0.05
Market prices of				
ordinary shares				
(in rupees)				
High	15.48	16.52	12.68	11.94
Low	11.28	12.68	10.24	10.38

ing demand. These are in the areas of development of structural for aviation needs, special railway electrification needs, as also to meet the potential in the expansion of tele-communication network in the country. It is also finding ways and means to fully utilise its capacity by taking up sundry fabrication and galvanising activities.

The company is setting up a steel rolling mill in Jaipur of a capacity of 20,000 tonnes per annum. This project is expected to go on stream in the current year. Production of road rollers during the year under review was 59 units (22 units). The company is geared up to use the latest quantitative techniques relating to planning and control including PERT, CPM and computer applications. The use of these techniques has been made in the planning and control of major turn-key projects as also in day to day working. This has helped gradually in the better integrating of the activities of the company as a whole as also for the planning in advance the removal of bottlenecks. □

Bombay Dyeing

WITH sales for the year ended December 31, 1970 higher at Rs 26.6 crores against Rs 22.1 crores in the previous year, the gross profit of the Bombay Dyeing and manufacturing Co Ltd (Chairman: Mr Neville N. Wadia, Bombay) rose to Rs 1.9 crores from Rs 1.6 crores. The net profit, after depreciation and taxation, amounted to Rs 52 lakhs (Rs 43 lakhs). The dividend was stepped up by 1 per cent to 13 per cent.

The company's gross profit margin works out to 7.3 per cent against 7.2 per

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cent. The ratio of net profit to net worth comes to 7.5 per cent (6.4 per cent).

During the year under review, the company has changed considerably its pattern of production by switching over for a larger variety of superfine and synthetic blended fabrics. The number of installed spindles at the company's spring and textile mills as on December 31, 1970 was 210,084, and 3,826 looms, of which 2,256 are automatic.

The company's exports for the year amounted to 21.2 million yards valued at Rs 4.95 crores (Rs 6.69 crores). The abnormally high cotton prices and keen com-

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	27,86.40	23,20.30	24,15.84	32,02.56
Sales including				
excise duty	26,62.01	22,07.66	23,69.54	20,36.62
Other income	51.55	49.10	74.88	47.01
Stock adjustment (of				
finished goods)	+72.24	+63.54	-28.58	+118.03
Opening	538.26	474.72	503.30	884.37
Closing	610.50	588.26	474.72	503.30
Total expenses	25,01.44	21,61.67	22,60.66	20,00.08
Materials and stores	14,63.95	11,70.17	11,88.43	11,00.29
Salaries and wages	684.06	613.31	594.87	587.50
Excise duty	44.51	46.20	150.15	129.98
Other expenses	398.02	331.99	327.41	284.21
Gross profit	194.96	158.68	154.98	141.58
Depreciation	95.31	105.01	105.80	110.92
Managing agency remuneration		3.15	1.02	1.12
Profit before tax	90.05	49.87	48.16	29.54
Taxation	48.00	0.64	7.87	8.00
Profit after tax	51.05	49.23	40.29	21.54
Withdrawals from reserves and				
write-backs	5.33	23.11	10.01	29.91
Development rebate	10.00	23.00	7.50	10.55
Ordinary dividend	48.98	43.37	43.37	40.06
(13%)		(12%)	(12%)	(12%)
Carry forward	0.00	0.00	0.12	0.08
Market prices of ordinary shares (in rupees):				
High	51.00	44.75	47.10	54.50
Low	38.00	38.00	34.00	48.20
				X.R.

petition from overseas countries adversely affected the company's exports. There was some improvement in exports to West Europe and to Australia and New Zealand, which had been the company's most important market in the past. A steep decline occurred in exports to the UK due to company's inability to quote competitive prices in view of increased manufacturing costs.

In the year under review Rs 39,777 were spent on the construction and extension to buildings of the company's three mills. New machinery of the value of Rs 45.67 lakhs was installed in the mills of which Rs 16.52 lakhs will be payable in deferred instalments over five years under the Industrial Development Banks' Scheme for financing the purchase of local machinery.

The process of converting the cards to metallic wire at the spring mills and textile mills was continued throughout the year. New high-speed frames to renovate the machinery at textile mills were installed. Some ring frames have also been converted to doublers in view of the rise in demand for folded yarns. A yarn singeing machine, a double winder, a cylinder sizing machine and two sectional warpers have been installed to cope with the growing requirements of superfine and synthetic fabrics. Two new high temperature high pressure beam dyeing machines, a curing machine and padding mangle have been installed for more uniform and even dyeing of terene/cotton blended fabrics.

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FIRE, MARINE, ACCIDENT AND MISCELLANEOUS INSURANCES

Binny

Sales of Binny Ltd, Madras, for the year ended December 31, 1970 amounted to Rs 40.51 crores. After providing Rs 1.23 crores for depreciation the company has suffered a net operating loss of Rs 1.11 crores. An amount of Rs 31.05 lakhs was set aside for the development rebate reserve. Preference dividend absorbed Rs 2.56 lakhs. After adjusting a surplus of Rs 2,290 brought in from the previous year and Rs 2.56 lakhs transferred from the general reserve, a loss of Rs 1.42 crores was carried to the balance sheet. Comparative figures for the previous year have not been furnished in the balance sheet since separate profit and loss account was prepared for 1969 for each of the amalgamating companies in accordance with the scheme of amalgamation. Total exports for the two mill units at Madras and Bangalore for the year under review were Rs 2.80 crores (Rs 2.61 crores).

Production in Madras and Bangalore mills was higher than in the previous year but this was due to additional loom shifts being worked in 1970. Major organisational changes were made and in particular mar-

keting for the two mill units was centralised in Madras by the end of the year. Centralisation of procurement of materials which was started in 1969 was completed in 1970. During the year under review, 176 BAZL and BAZ looms were installed in the Madras mills and 184 BAZL and BAZ looms in the Bangalore mills, making a total of 681 looms in Madras and 320 looms in Bangalore. New carding machinery for processing 1.5 denier polyester fibre and other preparatory textile and dyehouse machinery for the manufacture and processing of wide width cloth were installed in the Madras and Bangalore mills.

In the garment factory, production in the shirt unit was maintained at 1,500 shirts per day. A separate pyjama unit with capacity to produce 1,500 pyjama suits per day was set up in the factory during the year to handle export orders for pyjamas. This unit completed an export order of 1.2 lakh pyjama suits during the year. The factory's total sales increased from Rs 100.87 lakhs in 1969 to Rs 111.57 lakhs in 1970 and exports increased from Rs 12.28 lakhs to Rs 22.59 lakhs.

The engineering and agencies depart-

ment showed a 50 per cent increase in the turnover over the previous year. Regarding engineering division, the performance of the Madras Works in 1970 was considerably better than in the previous year in spite of the fall in turnover from Rs 1.91 crores to Rs 1.22 crores. Orders worth Rs 4.39 crores (Rs 1.72 crores) were received. The installation of the electric furnace was completed and it was commissioned in February 1971. The first locally manufactured Binny Satake rice mill has been installed and is now operating well in Uttar Pradesh.

Trichinopoly Mills

Total sales of the Trichinopoly Mills Ltd, Tiruchirappalli, for the year ended December 31, 1970, have increased to Rs 125.02 lakhs from Rs 91.06 lakhs in the previous year. The net profit, after providing Rs 2.59 lakhs (Rs 2.50 lakhs) for depreciation and Rs 2.82 lakhs (nil) for taxation, amounted to Rs 7 lakhs (Rs 4.83 lakhs). The dividend has been stepped up to 15 per cent from 12½ per cent. The development rebate reserve claimed Rs 2.52 lakhs (Rs 2.12 lakhs) and the general reserve Rs 2.35 lakhs (nil).

Telco

The output of Tata vehicles during the year ended March 31, 1971 has increased to 25,061 units from 20,306 units in the previous year. This is a rise of 23 per cent. The low output in 1969-70 was due to the 48 days' strike towards the close of 1969.

Standard Coal

The Standard Coal Co Ltd, Calcutta, has suffered a loss of Rs 1.31 lakhs for the year ended December 31, 1970 against a loss of Rs 85,260 in the previous year. This was after providing Rs 64,916 (Rs 61,535) for taxation. The dividend has been maintained at 10 per cent. In coal handling business, the company has earned a commission of Rs 71,627 (Rs 74,518). The company's portfolio is representative of investments which are quoted at the Calcutta Stock Exchange with the exception of certain shares costing Rs 1.5 lakhs. The aggregate of the market value of quoted investments and the value of unquoted investments as on December 31, 1970 amounted to Rs 18.14 lakhs.

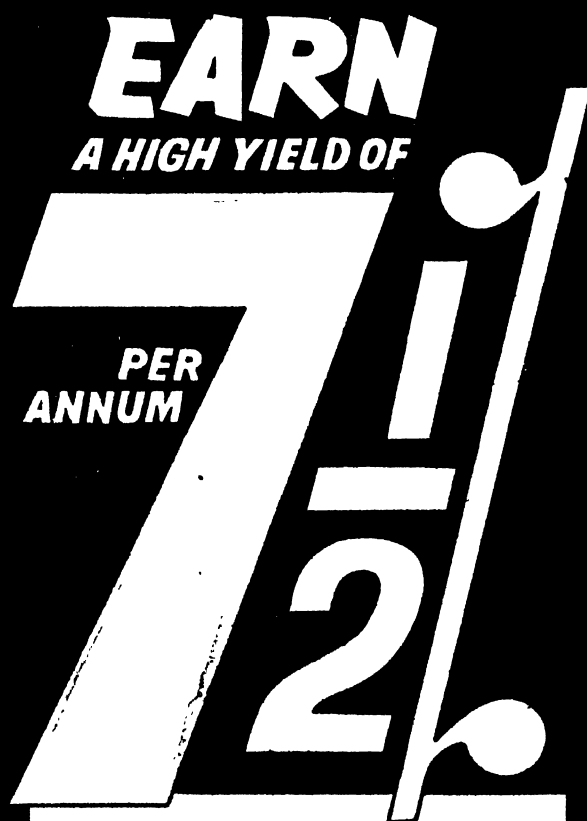
Preliminaries

Tata Chemicals

Sales of Tata Chemicals Ltd, Bombay, for the nine months ended March 31, 1971, were Rs 859.72 lakhs as against Rs 851.51 lakhs for the corresponding period in the previous year. Among the company's major products, the output of soda ash during the nine months was 1,55,304 tonnes (1,53,393 tonnes).

Gaekwar Mills

Sales of the Gaekwar Mills Ltd, Bombay, for the year ended December 31, 1970, increased to Rs 3.72 crores from Rs 3.39 crores in the previous year. The gross profit was Rs 25.71 lakhs (Rs 13.40 lakhs). The ordinary dividend has been stepped up to 16 per cent from 12 per cent.



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EQUITIES

Lack of fresh support

BOMBAY, April 28

AFTER a modest rally during mid-week on technical factors, equities again sagged owing to lack of fresh buying interest. The deteriorating political relations between India and Pakistan induced caution among operators, who preferred to mark time pending a clearer picture of the economic and political situation.

Prices as a result fluctuated narrowly, and though select scrips attracted enquiry, the overall sentiment was subdued. Turnover was also restricted.

Although corporate news was good, it failed to cheer up the sentiment. However, it prevented any serious damage to prices.

The easy tendency was also attributable to the pending Union Budget to be presented in late May. Market circles feel that the budget would be both saving- and investment-oriented and that the Finance Minister will not impose a harsh dose of taxation.

However, as corporate profits, by and large, have been better than they were in the past year, a section of the market is of the view that the Finance Minister would cast his net of taxation wider. But higher profits really do not mean much, as the margins of many companies have been squeezed by the steadily rising operational costs.

The decline in the call rate and the return flow of funds from issues like Garware Nylons in which large sums were locked up, induced selective support to equities.

Corporate news was generally encouraging. Dharamsi Morarji maintained the gross dividend at Rs 10 for 1970 on the increased capital. Dalmia Cement maintained the dividend at 12.5 per cent despite lower profit. S.I. Viscose doubled the dividend to 12 per cent against six per cent last year owing to excellent working. Sandvik Asia reported satisfactory results for the nine months to December 1970, with the gross dividend maintained at Rs 12 and a 1 for 5 bonus share issue. Finlay group mills stepped up the equity dividend by one rupee each of all three mills. Polson Ltd pruned the dividend from Rs 12.50 to Rs 10 for 1970 despite higher gross profit. Century Spinning reported excellent results, with the final dividend being stepped up by four points, and higher gross profit and sales.

Indian Iron returned for trading on the market after a lapse of eight months. Mukand Iron was in demand and improved. Orissa Cement rose to a new high on hopes of bonus issue. Polychem shot up on rumours of bonus issue but reacted. Firth Sterling rose on hopes of a maiden dividend of one rupee. Warner Hindustan spurred on the encouraging results. Ceat Tyres, Mahindra Uguine and Gujarat Fertilisers were also in demand. Gaekwar Mills moved up on higher dividend of Rs 16 against Rs 12 last year.

THE WEEK'S PRICE RANGE

	Closing quotations 21-4-1971	High	Low	Closing quotations 28-4-1971		Closing quotations 21-4-1971	High	Low	Closing quotations 28-4-1971
FORWARD					Miscellaneous				
Textiles					Textiles				
Ahm. Advance (100)	231.00**	—	—	231.00**	Baroda Rayon (100)	117.00	117.50	115.00	117.00
Bombay Dyeing (25)	167.00**	—	—	167.00**	Bradbury (50)	47.00	—	—	47.00
Central India (50)	40.00	39.25	39.25	40.00	Century Enka (100)	342.50	350.00	337.50	340.00
Century (100)	870.50**	880.00	870.50	880.00	Gold Mohur (100)	151.00	—	—	151.00
Dawn (50)	74.00**	—	—	74.00**	Indian Rayon (100)	78.00	78.00	73.00	74.00
Elphinstone (50)	24.00	24.00	24.00	24.00	Lakshmi-Vishnu (100)	94.50	—	—	94.50
Finlay (100)	180.00**	158.00	158.00	180.00**	Mafatal (100)	378.75	378.75	372.50	372.50
Gokak (100)	160.00**	158.00	158.00	160.00**	Modella Woolen (10)	10.24	10.24	10.12	10.12
Gwallor Rayon (10)	30.75	30.25	30.25	30.75	Raghuvanshi (10)	94.00	—	—	94.00
India United Ord. (10)	1.34	1.36	1.26	1.34	Raymond Woolen (10)	19.38	19.84	10.60	19.84
Khatua (100)	157.00**	157.00	155.00	157.00**	Shree Ram (100)	84.00	—	—	84.00
Kohinoor (100)	237.00	231.00	231.00	237.00	S. I. Viscose (100)	170.00	182.00	170.00	182.00
Morarjee (100)	525.00	517.00	517.00	525.00	Western India (250)	188.75	—	—	188.75
National Rayon (100)	71.00	70.00	70.00	71.00	Insurance				
Phoenix (100)	9.96	9.80	9.80	9.96	British India (10)	17.52	—	—	17.52
Podar (10)	129.00	128.00	128.00	129.00	Indian Mercantile (50)	75.00	75.00	74.50	74.50
Shree Lal (100)	108.00	107.00	107.00	108.00	New Great (25)	39.25	—	—	39.25
Simplex (50)	664.50	656.00	656.00	664.50	New India (15)	46.50	46.50	46.25	46.25
Standard (100)	158.00	158.00	158.00	158.00	Vulcan (10)	15.12	—	—	15.12
Svalachi (100)	147.00	—	—	147.00	Electric				
Swan (100)	32.50	31.75	31.75	32.50	Amalgamated (10)	10.12	10.12	10.00	10.00
Tata Mills (25)	141.75**	158.00	158.00	141.75**	Surat (100)	126.50	126.50	126.00	126.00
Electric					Cement				
Ahmedabad (100)	108.50	107.50	107.50	108.50	Mysore Cement (10)	17.40	—	—	17.40
Andhra Valley (100)	157.75	158.50	158.50	157.75	Saurashtra Cement (100)	177.50	—	—	178.75
B. Suburban (100)	121.00	—	—	121.00	Paper				
Tata Hydro (100)	102.50	—	—	102.50	Andhra Paper (100) (old)	185.00	—	—	185.00
Tata Power (100)	141.75**	158.00	158.00	141.75**	Anil Hardboards (100)	70.00	70.00	67.50	67.50
Steel					Jayant Paper (100)	145.25	145.25	142.50	142.50
Indian Iron (10)	16.56	12.12	12.12	16.56	Rollit (100)	118.50	117.00	116.50	117.00
Mukand (10)	103.25	104.00	102.75	103.25	Steels Metals & Alloys				
Tata Steel (75)	108.75**	104.00	102.75	108.75**	Ferro Alloys (100)	92.00	—	—	92.00
Engineering					Hind Aluminium (10)	59.25	59.75	59.00	59.00
Alcock (100)	57.00	58.00	48.00	57.00	Khandwal Ferro (100)	160.00	160.00	150.00	160.00
Cooper (100)	66.00	63.50	63.50	66.00	Engineering				
Larsen & Toubro (10)	24.16	23.70	23.70	24.16	Associated Bearings (100)	293.00	298.00	291.00	298.00
Tata Eng. & Loco (100)	240.50	250.00	245.00	240.50	Hind Tractors (100)	75.00	85.00	75.00	85.00
SLM—Manekial (100)	228.50	265.00	265.00	228.50	Jod (100)	126.25	126.25	120.75	126.25
Volta (100)	217.00	217.00	217.00	217.00	Kirloskar Oils (50)	16.08	17.00	16.80	16.76
Dyes & Chem.					Mahindra (10)	15.76	15.76	15.36	15.52
Amar Dye-Chem. (100)	240.00	243.75	238.75	240.00	New Standard (100)	103.00	101.00	102.00	103.00
Indian Dyestuff (100)	335.00	336.00	332.00	335.00	Sandvik Asia (100)	312.00	312.00	308.00	308.00
Polychem (50)	123.00	140.00	137.00	123.00	T. Manakal (100)	400.00	400.25	390.00	400.00
Tata Chemicals (10)	30.25	33.25	29.15	30.25	Zenith Steel (10)	17.32	17.64	17.12	17.56
Shipping					Cables & Elec.				
Great Eastern (10)	87.25	87.75	37.00	87.25	Asian Cables (100)	84.00	85.00	82.50	83.50
Scindia (10)	21.01	21.28	20.02	21.01	Crompton Greaves (100)	227.60	228.75	215.00	215.00
Cement					Mahendra Elec. (100)	119.00	119.00	117.50	119.00
A.C.C. (100)	137.00	137.50	135.75	137.00	Standard Batteries (100)	212.50	212.50	211.25	212.50
Orissa (10)	19.52	19.12	19.12	19.52	Chemicals				
Shree Digvijay (100)	158.00	158.00	158.00	158.00	Bayer (India) (100)	254.00	258.00	254.00	258.00
Sugar					Chem. & Phos (10)	47.00	46.50	46.00	46.00
Belapur (50)	85.50	84.50	83.50	85.50	Colour-Chem. (100)	268.25	268.75	264.25	264.25
Maharashtra (50)	90.00	90.00	90.00	90.00	Nat. Organic (100)	236.00	239.00	234.00	236.00
Phalton (50)	74.00	71.00	71.00	74.00	Phzer (10)	38.00	38.25	37.75	37.75
Walchandnagar (100)	68.00	68.00	68.00	68.00	Polyolefins Ind. (100)	218.00	248.00	239.00	245.00
Textiles					Sandoz (10)	21.24	21.52	20.76	20.76
Ahm. Advance (100)	231.00**	—	—	231.00**	Synthetics (100)	182.00	188.00	182.00	188.00
Bombay Dyeing (25)	167.00**	—	—	167.00**	Miscellaneous				
Central India (50)	40.00	39.25	39.25	40.00	Champhor & Allied (100)	241.25	241.25	240.00	240.00
Century (100)	870.50**	880.00	870.50	880.00	Ceat Tyres (100)	255.00	260.00	255.00	260.00
Dawn (50)	74.00**	—	—	74.00**	Flint Glass (10)	16.12	16.24	15.88	15.88
Elphinstone (50)	24.00	24.00	24.00	24.00	Gammion India (10)	5.12	5.20	5.12	5.12
Finlay (100)	180.00**	158.00	158.00	180.00**	Hindustan Lev. (10)	23.40	23.60	23.00	23.40
Gokak (100)	160.00**	158.00	158.00	160.00**	Killick Nixon (100)	96.00	—	—	96.00
Gwallor Rayon (10)	30.75	30.25	30.25	30.75	Motor Industries (100)	460.00	460.00	450.00	450.00
India United Ord. (10)	1.34	1.36	1.26	1.34	P. Magneta (100)	165.00	165.00	160.00	160.00
Khatua (100)	157.00**	157.00	155.00	157.00**	W. H. Brady (100)	150.00	—	—	150.00
Kohinoor (100)	237.00	231.00	231.00	237.00					
Morarjee (100)	525.00	517.00	517.00	525.00					
National Rayon (100)	71.00	70.00	70.00	71.00					
Phoenix (100)	9.96	9.80	9.80	9.96					
Podar (10)	129.00	128.00	128.00	129.00					
Shree Lal (100)	108.00	107.00	107.00	108.00					
Simplex (50)	664.50	656.00	656.00	664.50					
Standard (100)	158.00	158.00	158.00	158.00					
Svalachi (100)	147.00	—	—	147.00					
Swan (100)	32.50	31.75	31.75	32.50					
Tata Mills (25)	141.75**	158.00	158.00	141.75**					

* Ex-dividend. † Cum-right. ‡ Ex-right. ** Business for Hand Delivery. †† Squaring up deals.
Note: Figures within brackets indicate the paid-up value of shares.
Wherever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

COMMODITIES

Spot cotton easier

BOMBAY, April 28

There was not much change in the pattern of trading in the cotton market during the past week. The buyers were few and far between and the prices continued to rule easy. The tight monetary conditions on the one hand, and heavy arrivals of foreign cotton on the other, restricted the spinners' buying to a very limited scale. Reports from upcountry also suggested that the spinners have been making sporadic purchases just to meet their immediate requirements.

The following has been the trend of prices of some of the leading varieties:

	For the week ending 28th April	For the week ending 21st April
Khandesh ..	2,150	2,200
Berar AK ..	2,100 2,250	2,100 2,300
Digvijay Dabhoi ..	2,800	2,881
Berar L. 147 ..	2,450-2,500	2,500 2,600
Manavdar Co. 2 ..	2,450	2,575
Kalyan 797 Soed ..	1,900	2,050

In the foreign section, sporadic business was noted in global varieties. Spinners and importers have been finding it difficult to clear the arrivals of foreign cotton owing to inadequate credit facilities extended by banks.

On the export front, small business was reported in Bengal Deshi cotton. Sales of this cotton registered for export as on April 24, were placed at 142,860 bales as against 188,479 bales in the same period

previous year. The quantity passed for shipment was placed at 96,788 bales as against 139,173 bales in the previous season. The quantity of miscellaneous cotton passed for shipment up to April 24 was 10,638 bales as against 14,757 bales a year ago.

ART SILK YARNS GAIN

BOMBAY, April 27

An improvement in the prices of yarns characterised trading in the yarns market during the past week. Art silk yarns, which were easy during the past fortnight, gained ground during the week following reduced arrivals and improved offtake. The persistent upcountry demand also imparted strength. Staple fibre yarns were quiet to steady. Cotton yarns were easier due to a fall in raw cotton prices.

In the art silk yarns section, 120D National Rayon put on seven paise to Rs 18.52. 150D Bright Century gathered a like amount to Rs 16.25. 120D picked up 12 paise to Rs 18.52. 150D National Rayon was fully maintained at last week's level of Rs 16.53 and so was 100D Bright South India at Rs 22.46. Staple fibre yarns (2 x 34 nF) spot Kiran was traded at last week's level of Rs 11.44.

JUTE GOODS DECLINE

CALCUTTA, April 27

The rising trend in prices of jute manufactures was arrested during the past week.

Good business done earlier with several foreign countries including the UK, the US, and the USSR provided enthusiasm to bulls. They had also calculated that with the outbreak of civil war in East Bengal, considerable business would be diverted to Calcutta. As this anticipated follow-up business was lacking prices drifted downward.

There has been so far no indication as to when the Government of India would reveal its plan to purchase B twills. In the last week, internal support was limited to the interest shown by private agencies and semi-government organisations. The State Trading Corporation's programme to attract overseas business by sending out lower quotations met with a setback with the authorities showing disinclination to register the contracts already entered into. In view of this, the STC's shipments had had to be held over, and unless the Government clarifies its stand in this regard, there would be many more instances of loaders sailing without cargo booked. B twills closed lower at Rs 268 and hessian 40" 10 oz at Rs 97 after being quoted higher at Rs 277.50 and Rs 101.

The recurrence of good rains and continued reports of good progress with regard to soil preparation and sowing imparted an easier trend to raw jute prices. The decline in goods also affected sentiment. Holders of the old crop hastened to unload. There were reports of good weather in Thailand, where also the crop is expected to reach a record figure. Fresh arrivals in the past week were about 30,000 maunds per day. Quotations closed as follows after losing Re 1.50 per maund on balance. Assam bottoms at Rs 60 Northern bottoms at Rs 58 and Daissee bottoms at Rs 61.50.

SHARP RETREAT IN OILSEEDS

BOMBAY, April 28

As crash in oilseeds earlier in the week, followed by a modest recovery towards the week's end, was a feature of trading in the oilseeds market. Earlier, prices almost crashed in both seeds and oils. The break in spot prices unnerved bulls in futures, which also declined sharply.

The crash in the market was mainly due to higher arrivals of new crop oilseeds in the producing centres. In Gujarat daily arrivals amounted to over 10,000 bags and prices there had tumbled sharply. Even at lower levels support was lacking. Financial stringency and fears of governmental steps to curb the price rise in edible oils accelerated the downdrift in prices. Credit curbs have made hoarding on a large scale extremely difficult, and as a result stockists and producers were offering goods even at lower prices.

Shippers were unable to book orders for castor oil. Mustardseed and groundnut supplies had improved beyond expectations. The resultant fall in prices was steeper than that in 1952. The pace for the current decline was set by castorseed. The supply position showed signs of marked improvement with increasing arrivals. Spot oilseeds and oils also declined due to improved supplies. However, towards the week's end there was a modest recovery on renewed support on technical considerations. But the undertone was still weak, especially in castorseeds. The sentiment improved on better spot advances as groundnut oil improved by a rupee. Linseeds improved owing to sustained shortage of spot linseeds and oil. Tenders of 10 tons were issued in linseed April, making a total of 1,060 tons. At the week's close, linseeds had recovered to their previous levels, but castor was weak and the June delivery coiled over three points lower. Spot prices in castor were also sharply lower. Commercial oil was Rs 2.50 lower, while B.S.S. was also down to an equal extent.

Comparative prices in rupees were:

Item	21-4-1971	28-4-1971
Castor April ..	181.50	
Castor June ..	127.75	124.12
Linseeds April ..	157.50	157.75
Linseeds July ..	152.00	152.75
G. Nuts Khandesh ..	184.00	185.00
G. Nut oil ..	43.30	41.30
Castor Madras Small ..	140.00	125.00
Castor Comm. oil ..	35.00	29.50
Castor B.S.S. oil ..	34.50	32.00
Linseeds Bold ..	154.00	155.00
Linseed oil ..	35.50	34.25

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TEA IN GOOD DEMAND

CALCUTTA, April 27

The prevalence of strong demand for North Indian teas during last week's London sales has revived the hope of improved prospects for the current season. According to reports, prices for Assam teas, especially CTCs and orthodox kinds, and legg-cuts gained by 1 pence to 3 pence per kg. Trade circles accordingly think that exports are likely to increase.

In the meantime, internal buyers continue to build up their stocks, which is adequate proof that the country's internal consumption has kept pace with the rising trend on output. Dusts, on offer during last week's internal sale totalled 28,372 packages, which met with strong general demand. Good competition was offered to plain CTCs prices of which rose. Other kinds were fully firm. Orthodox kinds were readily absorbed, but the plainer types eased. Legg-cuts were fully firm. The quotations in rupees per kg inclusive of excise duty were: best Assam CTC dust 7.40 to 8.20 (nominal), good Assam CTC dust 6.50 to 6.80, medium CTC dust 6.10 to 6.40, plain CTC dust 5.30 to 5.80, medium Assam dust 5.70 to 6.30, legg-cut dust 5.40 to 5.80, and plain orthodox dust 4.80 to 5.20.

FOODGRAINS EASY

BOMBAY, April 27

During the week under review, an easy trend prevailed in the local foodgrains market. Among coarse grains, the prices of bajra (superior) at Rs 60-65 per quintal ruled steady. The demand was poor. The bajra stock with the traders totalled about 40,000 bags. Owing to the slack demand, maize declined by about Rs 2 to Rs 60 per quintal in sympathy with bajra. In pulses, gram (Punjab) receded by Rs 2 to Rs 78-80 per quintal on account of the slack demand in the face of good arrivals of new gram crop. The stock position of gram was estimated at about 12,000 bags. Urad (Khandesh new) at Rs 148-152 per quintal showed no change during the week. Tur (Berar white) at Rs 108-112 suffered a marginal setback of Rs 2 per quintal in line with gram prices. The arrivals were good but upcountry advices were discouraging. Moong (Chinai), despite heavy inflow remained steady at Rs 220-250 per quintal, due to strong demand.

SUGAR RISES

BOMBAY, April 27

The prices of sugar (C-30) at Rs 191-193 per quintal in the local sugar market, showed a nominal rise of a rupee. On account of good seasonal demand the current sugar prices are higher by about Rs 10 per quintal than the level a year ago. The city stock was estimated at around 2,000 bags only. During the week about 15,000 to 20,000 bags of sugar were sold by the co-operative sugar factories at the rate of Rs 178.50-182 for 'C' and 'D' grades, respectively.

BASE METALS ACTIVE

CALCUTTA, April 27

The base metal market is getting more and more active day by day. The systematic steps being taken by the Minerals and Metals Trading Corporation to maintain the supply of non-ferrous metals to the organised sector are viewed with satisfaction. A particularly welcome aspect of the trend of past week was the increased number of inquiries coming from upcountry areas. At the same time, it should be noted that much would depend upon the forthcoming import policy as well as the Union Budget which are waited eagerly in the hope that these would provide for recovery and expansion. In the meantime, a noteworthy event has been the provision under loan agreement for the import of considerable quantities of scarce industrial raw materials such as copper, zinc, lead, tin and nickel. It is also reported that the US would facilitate the import of these items from other countries also.

In the past week, non-ferrous scrap was in good demand from re-rollers. Consequently prices rose and the continued steadiness

in overseas markets was also a factor discouraging holders from unloading. Brass sheet cutting scrap was unchanged at Rs 1,030 per 100 kg, but honey quality at Rs 1,020 added Rs 5. At Rs 1,440 clean copper wire scrap gained Rs 10 with utensil copper scrap receiving support at the unchanged level of Rs 1,390. Buyers preferred to adopt a cautious tendency since they believed that the import policy would be favourable for increased imports. Alloy makers accorded support to virgin zinc to push its price from Rs 448 to Rs 465. Aluminium ingots were active at Rs 800. Aluminium scraps also met with increased support to take up utensil scrap from Rs 500 to Rs 510, and sheet cutting from Rs 520 to Rs 530. Virgin lead at Rs 445 added Rs 5 and scrap improved from Rs 365 to Rs 375. Tin was, however, neglected at Rs 4,800.

KIPS BULLISH

MADRAS, April 24

Hides and skins market remained bullish despite small export turnover because of the high prices quoted by shippers who, in turn, had to stick to their levels in view of the firm trend in the raw centres.

There was steady call for cow hides especially lower selections in light and medium weights. Availability of cow calf was meagre and whatever small stocks of buff calf was on offer was booked freely.

Importers paid increased prices for goat skins, especially higher selections, very reluctantly. Sheep skins market was steady, as in the past week. Tanners and shippers have been feeling great financial stress due to the dock labour strike that tied up ships for over two weeks.

BULLION DECLINES

BOMBAY, April 27

An easy trend prevailed in the bullion market during the past week. Silver lost further ground during the week due to improved supply position in the wake of slack offtake. The weak overseas advices also pushed down prices further. Gold closed quietly steady after moving both ways. Sovereign was fully maintained.

Silver (.996 fineness) began Rs 2 lower at Rs 604 and lost further ground in the following session. It declined further in the subsequent sessions and closed the week at still lower level of Rs 596, the net loss over the week being Rs 8. The weekly delivery was mentioned at between Rs 602 and Rs 600. The weekly average arrivals and offtake of silver aggregated 32 bars and 27 bars, respectively.

Primary gold in unofficial trading commenced fifty paise less at Rs 187 and was quietly steady at that level in the subsequent sessions. It closed the week at that level of Rs 187 with a net loss of fifty paise over the week. Standard gold began trading a rupee lower at Rs 198 and wound up the week at that level today. The net loss over the week was a rupee. Sovereign was neglected at Rs 174.

CALL RATE EASES

BOMBAY, April 27

Comfortable conditions continued to prevail in Bombay's short-term market during the past week. The call rate came down further to 6 per cent from 7½ per cent in the previous week. In Calcutta, scattered renewals were done at 5½ per cent.

During the week ended April 16, foreign exchange reserves of the Reserve Bank of India increased by Rs 10.82 crores to Rs 367.58 crores. While foreign securities rose by Rs 15 crores to Rs 288.42 crores, balances held abroad declined by Rs 4.18 crores to Rs 79.16 crores. There was an expansion of Rs 29.27 crores at Rs 4,390.26 crores in notes in circulation.

Week ended April 16 recorded a decline of Rs 25.77 crores at Rs 4,714.67 crores in the total credit made available by scheduled commercial banks. Aggregate deposits rose to Rs 5,952.62 crores from Rs 5,933.69 crores. Borrowings from the Reserve Bank were lower at Rs 224 crores (Rs 270.26 crores).

Notice

THE GWALIOR RAYON SILK MFG. (WVG.) COMPANY LIMITED

Registered Office:
Birlagram, Nagda, M.P.

NOTICE

NOTICE IS HEREBY GIVEN THAT the Board of Directors of the Company at their Meeting held on 15th April, 1971 have declared dividends on the Preference Shares of Rs 100 each in the Company, at Rs 8.57 per share on Series 'A' and 'B' and at Rs 9.30 per share on Series 'C' for the year ending 31st March, 1971, subject to deduction of tax under the provisions of Income-tax Act, 1961.

The dividends will be paid on or after Thursday the 20th May, 1971 to those shareholders whose names stand on the Registers of Members of the Company as at the close of Friday, the 7th May, 1971.

It may be noted that the Registers of Members and the Transfer Books of the Company relating to the above shares are not being closed for the above purpose.

By Order of the Board,
B. N. PURANMALKA
Secretary.

BIRLAGRAM, NAGDA.
16th April, 1971.

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STATISTICS

CENSUS OF INDIA: 1971

STATEMENT I: BASIC POPULATION DATA—STATE-WISE: 1971

Rank in		State/Union Territory	Population		Per cent to total in 1971	Total growth rate (per cent) during			Sex ratio in 1971	Density of population in 1971 ¹ (per sq. km.)
1961	1971		1961	1971		1951-61	1961-71	1961-71		
1	1	Uttar Pradesh	73,746,401	88,299,453	16.1	16.7	19.7	81.6	883	300
2	2	Bihar	46,455,610	56,387,296	10.3	19.8	21.4	100.4	955	324
3	3	Maharashtra	39,553,718	50,295,081	9.2	23.0	27.2	159.4	933	163
5	4	West Bengal	34,926,279	44,440,095	8.1	32.8	27.2	162.3	892	507
4	5	Andhra Pradesh	35,983,447	43,394,951	7.9	15.7	20.6	127.6	977	157
7	6	Madhya Pradesh	32,372,408	41,449,729	7.6	24.2	28.0	145.8	941	93
6	7	Tamil Nadu	33,686,953	41,103,125	7.5	11.9	22.0	113.5	979	316
8	8	Mysore	23,686,772	29,224,046	5.3	21.6	23.9	123.9	960	152
9	9	Gujarat	20,633,350	26,660,929	4.9	26.9	29.2	193.2	936	136
10	10	Rajasthan	20,156,602	26,724,142	4.7	26.2	27.6	149.9	914	75
11	11	Orissa	17,548,846	21,934,827	4.0	19.8	25.0	112.9	989	141
12	12	Kerala	16,903,715	21,280,397	3.9	24.8	25.9	232.7	1,019	548
14	13	Assam	11,127,939	14,857,314	2.7	35.1	33.5	340.1	901	149
13	14	Punjab	11,136,069	13,473,972	2.5	21.6	21.0	78.6	873	268
15	15	Haryana	7,590,543	9,971,165	1.8	33.8	31.4	115.7	875	225
16	16	Jammu and Kashmir	3,560,976	4,615,176	0.8	9.4	29.6	115.7	882	..
18	17	Delhi	2,658,612	4,044,338	0.7	52.4	52.1	896.6	802	2,723
17	18	Himachal Pradesh	2,812,468	3,424,332	0.6	17.9	21.8	78.3	974	62
19	19	Tripura	1,142,005	1,556,822	0.3	78.7	86.3	798.2	940	149
20	20	Manipur	780,037	1,069,555	0.2	35.0	37.1	276.0	984	48
21	21	Meghalaya	744,833	983,336	0.2	26.0	32.0	191.8	954	44
22	22	Goa, Daman and Diu	626,667	857,180	0.2	5.1	36.8	68.9	989	226
23	23	Nagaland	369,200	515,561	0.1	14.1	39.6	407.7	872	31
24	24	Pondicherry	369,079	471,347	0.1	16.3	27.7	91.3	990	962
25	25	NEFA	336,558	444,744	0.1	..	32.1	..	908	..
26	26	Chandigarh	119,881	256,979	0.1	394.1	114.4	1,069.8	749	2,254
27	27	Andaman and Nicobar Islands	63,548	115,090	..	105.2	81.1	368.9	644	14
28	28	Dadra and Nagar Haveli	57,963	74,165	..	39.6	28.0	205.5	1,007	151
29	29	Laccadive, Minicoy and Amindivi Islands	24,108	31,798	..	14.6	31.9	129.0	980	994
..	..	INDIA	439,072,582	546,955,945	100.0	21.6	24.6	129.5	932	182

SOURCE: Registrar General and Census Commissioner, India, Census of India, 1971, Series 1, Paper 1 of 1971, *Provisional Population Totals*. Compiled from tables given on pp. 2, 37, 51-53.

STATEMENT II:
STATE-WISE TRENDS IN LITERACY: 1961 AND 1971

Rank in		State/Union Territory	Literacy per cent		Increase in col. 5 over col. 4	
1961	1971		1961	1971	Per cent	Per cent point
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2	1	Chandigarh	51	61	19.9	10.2
3	2	Kerala	47	60	28.4	13.3
1	3	Delhi	53	57	7.4	3.9
7	4	Goa, Daman and Diu	31	45	44.8	13.8
5	5	Andaman and Nicobar Islands	34	43	29.3	9.9
15	6	Laccadive, M. and A. Islands	23	43	86.7	20.2
4	7	Pondicherry	37	43	15.8	5.9
6	8	Tamil Nadu	31	39	25.4	8.0
10	9	Maharashtra	30	39	31.0	9.2
8	10	Gujarat	30	36	17.2	5.3
13	11	Punjab	27	33	24.9	6.7
11	12	West Bengal	30	33	12.9	3.8
9	13	Manipur	30	33	7.8	2.4
14	14	Mysore	25	31	23.9	6.1
17	15	Himachal Pradesh	21	31	47.3	10.1
19	16	Tripura	20	31	52.5	10.6
12	17	Assam	29	29	—1.5	—0.5
21	18	Meghalaya	18	28	53.8	9.9
23	19	Nagaland	18	27	52.6	9.4
20	20	Haryana	20	27	33.9	6.8
16	21	Orissa	22	26	20.6	4.5
18	22	Andhra Pradesh	21	25	15.9	3.4
25	23	Madhya Pradesh	17	22	28.6	4.9
24	24	Uttar Pradesh	18	22	22.6	4.0
22	25	Bihar	18	20	8.5	1.6
26	26	Rajasthan	15	19	23.5	3.6
27	27	Jammu and Kashmir	11	18	65.9	7.3
28	28	Dadra and Nagar Haveli	9	15	56.8	5.4
29	29	N.-E. Frontier Agency	7	9	31.0	2.2
..	..	INDIA	24	29	22.1	5.3

NOTE: Column (7) derived by us.

SOURCE: Registrar General and Census Commissioner, India, Census of India 1971, Series 1, Paper 1 of 1971, *Provisional Population Totals*, p. 45.

STATEMENT III:
CITIES WITH A POPULATION OF ONE MILLION AND ABOVE: CENSUS 1971

City	State	Population	Literates	Literacy rate Col. (4) as per cent of col. (3)	Sex Ratio
(1)	(2)	(3)	(4)	(5)	(6)
Calcutta Urban Agglomeration*	West Bengal	7,040,345	4,058,593	57.65	606
Greater Bombay†	Maharashtra	5,931,989	3,798,071	64.03	721
Delhi Urban‡	..	3,629,842	2,145,215	59.10	798
(a) Delhi M. Corp. (U)	..	3,279,955	1,913,899	58.35	806
(b) New Delhi M. Committee	..	292,857	197,725	67.52	745
(c) Delhi Cantt.	..	57,030	33,591	58.90	615
Madras	Tamil Nadu	2,470,288	1,532,859	62.05	902
Hyderabad Urban Agglomeration§	Andhra Pradesh	1,798,910	939,234	52.21	927
Ahmedabad Urban Agglomeration||	Gujarat	1,746,111	1,019,065	58.36	832
Bangalore Urban Agglomeration¶	Mysore	1,648,232	981,177	59.53	875
Kanpur	Uttar Pradesh	1,273,042	648,041	50.90	762
Poona Urban Agglomeration††	Maharashtra	1,123,399	N.A.	N.A.	860

NOTES: * Includes 81 urban units which are continuous to the core city of Calcutta.

† Greater Bombay Metropolitan area is synonymous with Greater Bombay district.

‡ Delhi Metropolitan City is comprised of the three statutory towns which are continuous and are shown in column (2).

§ Includes suburban units like Secunderabad Cantonment, Malakajiri Bolaram, Osmania University area etc. which are continuous to the core city of Hyderabad.

|| ¶ Details of constituent units not available.

SOURCE: Registrar General and Census Commissioner, India, Census of India 1971, Series 1, Paper 1 of 1971, *Provisional Population Totals*, pp. 55-57.

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	16-4-1971	9-4-1971	17-4-1970
Issue Department			
Notes held in Banking Department ..	15.13	4.83	25.50
Notes in circulation ..	4,390.26	4,360.99	4,002.16
Total notes issued ..	4,405.39	4,365.82	4,027.67
Gold coin and bullion ..	182.53	182.53	182.53
Foreign securities ..	288.42	273.42	361.42
Rupee coin ..	46.75	47.17	61.25
Government of India rupee securities ..	3,887.69	3,862.69	3,422.46
Banking Department			
Deposits of Central Government ..	332.01	352.20	83.17
Deposits of State Governments ..	2.72	4.21	6.08
Deposits of Scheduled Commercial Banks ..	190.38	190.75	163.35
Deposits of Scheduled State Co-operative Banks ..	12.80	12.58	8.72
Deposits of Non-Scheduled State Co-operative Banks ..	0.76	0.74	0.62
Deposits of other banks ..	0.52	0.32	0.22
Other Deposits ..	84.36	86.17	165.35
Other liabilities ..	659.43	680.02	596.92
Total liabilities or assets ..	1,282.99	1,326.98	1,024.44
Notes and coins ..	15.20	4.88	25.58
Balances held abroad ..	79.16	83.34	127.45
Loans and advances to—			
(i) Central Government ..	—	—	—
(ii) State Governments ..	468.90	456.57	206.94
Loans and advances to Scheduled Commercial Banks ..	224.00	270.26	179.31
Loans and advances to State Co-operative Banks ..	278.65	289.11	253.16
Other loans and advances ..	38.24	41.70	10.46
Bills purchased and discounted ..	18.33	20.28	69.90
Investments ..	112.57	113.33	105.92
Other assets ..	47.96	47.50	45.71

Note: The gold reserves of Issue Department are valued at Rs 53.58 per 10 grams upto January 31, 1969 and at Rs 84.39 per 10 grams thereafter.

COST OF LIVING INDEX : 1970 (Base: 1960=100)

Centre	Industrial workers			Urban non-manual employees		
	Oct.	Nov.	Dec.	August	Sept.	Oct.
Ahmedabad ..	181	177	177	172	175	173
Ajmer ..	186	N.A.	N.A.	174	N.A.	N.A.
Alwaye ..	200	199	197	(a)	(a)	(a)
Amritsar ..	198	N.A.	N.A.	189	N.A.	N.A.
Bangalore ..	188	191	190	172	173	174
Bombay ..	183	183	183	168	169	171
Calcutta ..	190	190	185	178	174	175
Delhi ..	204	202	202	175	175	176
Digboi ..	194	196	195	(a)	(a)	(a)
Gwalior ..	195	192	186	198	N.A.	N.A.
Hyderabad ..	193	192	191	174	175	176
Jamshedpur ..	189	190	181	(a)	(a)	(a)
Kanpur ..	193	N.A.	N.A.	177	N.A.	N.A.
Madras ..	174	175	174	175	177	178
Nagpur ..	190	191	191	169	N.A.	N.A.
Patna ..	(a)	(a)	(a)	192	194	194
Sambalpur ..	203	N.A.	N.A.	179	N.A.	N.A.
Shillong ..	(a)	(a)	(a)	169	167	171
Srinagar ..	173	N.A.	N.A.	179	182	185
Trivandrum ..	(a)	(a)	(a)	178	180	180
Yamunanagar ..	198	N.A.	N.A.	(a)	(a)	(a)
All-India ..	189	189	196	175	176	177
All-India (corresponding month of 1969) ..	178	177	177	169	169	168

(a) The original source of data does not cover this centre.

MONEY RATES*

	1971			1970
	Apr. 16	Apr. 9	Apr. 2	Apr. 17
Reserve Bank of India (Bank Rate) ..	6	6	6	5
Selected Major Scheduled Commercial Banks†				
Call money from Banks:				
Bombay ..	8.84	10.00	10.08	7.02
Calcutta ..	..	10.00	10.48	5.67
Madras ..	..	..	11.00	7.63

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.
† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	For the week ended (Friday)		
	16-4-1971	9-4-1971	17-4-1970
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	149.96	166.36	126.07
(ii) From others ..	2,631.53	2,627.32	2,261.45
(b) Borrowings from banks ..	38.37	33.88	38.26
(c) Others ..	149.33	140.03	142.59
2. Time liabilities—			
(a) Time deposits—			
(i) From banks ..	32.80	31.81	35.93
(ii) From others ..	3,321.09	3,306.37	2,839.65
(b) Borrowings from banks ..	11.67	9.90	6.19
(c) Others ..	43.11	44.20	27.76
3. Aggregate deposits (1) (a) (ii) + (2) (a) (ii) ..	5,952.62	5,933.69	5,091.11
4. Borrowings from Reserve Bank ..	224.00	276.26	179.31
(a) Against usance bills and/or promissory notes ..	122.95	143.05	62.46
(b) Others ..	101.05	127.21	116.85
5. Borrowings from State Bank and/or a notified Bank and the State Governments ..	48.66	46.17	61.82
6. Cash ..	167.95	164.87	145.92
7. Balances with Reserve Bank ..	200.47	214.36	162.25
8. Cash and balances with Reserve Bank ..	368.42	379.23	308.17
9. 8 as per cent of 3 ..	6.19	6.39	6.05
10. Balance with other banks in current account ..	73.89	76.03	67.43
11. Money at call and short notice ..	26.98	28.56	61.71
12. Investments in Government securities ..	1,359.83	1,359.66	1,157.62
13. 12 as per cent of 8 ..	22.84	22.91	22.74
14. Advances—			
(a) Loans, cash credits and overdrafts ..	3,744.10	3,752.03	3,309.65
(b) Due from banks ..	32.78	37.08	42.76
15. Inland bills purchased and discounted ..	760.62	776.90	488.60
16. Foreign bills purchased and discounted ..	209.95	210.91	192.29
17. Total Bank Credit (14) (a) + 15 + 16) ..	4,714.67	4,740.44	3,990.54
18. 17 as per cent of 8 ..	79.20	79.89	78.38

MONEY SUPPLY WITH THE PUBLIC

(Rs in crores)

	April 9, 1971	Variation over the latest		
		Week	Month	Year
Money Supply with the Public ..	7,315	116	175	727
Currency with the Public ..	4,532	112	82	355
Deposit Money with the Public ..	2,783	4	93	372
Factors affecting Money Supply				
Net Bank Credit to Government Sector ..	5,484	143	280	559
Net Bank Credit to Commercial Sector ..	2,148	—	48	318
Net Foreign Exchange Assets of Banking Sector ..	532	4	15	60
Other factors ..	— 840	— 27	— 138	— 90

RBI INDEX NUMBERS OF SECURITY PRICES

(1961-62=100)

Groups	Week ended		
	17-4-1971	20-3-1971	18-4-1970
Debentures—All-India ..	93.1	93.1	93.6
Preference Shares All-India ..	85.4	85.9	88.5
Variable Dividend Industrial Securities			
Agriculture and Allied Activities ..	88.3	88.8	87.0
Mining and Quarrying ..	54.5	53.7	55.9
Processing and Manufacturing ..	98.1	97.5	96.6
All-India—Total ..	101.1	100.5	99.4
Regional			
Bombay ..	114.3	113.7	114.3
Calcutta ..	96.6	94.0	93.4
Madras ..	88.1	87.6	86.7
Ahmedabad ..	80.7	80.9	88.5
Delhi ..	114.6	115.0	117.7

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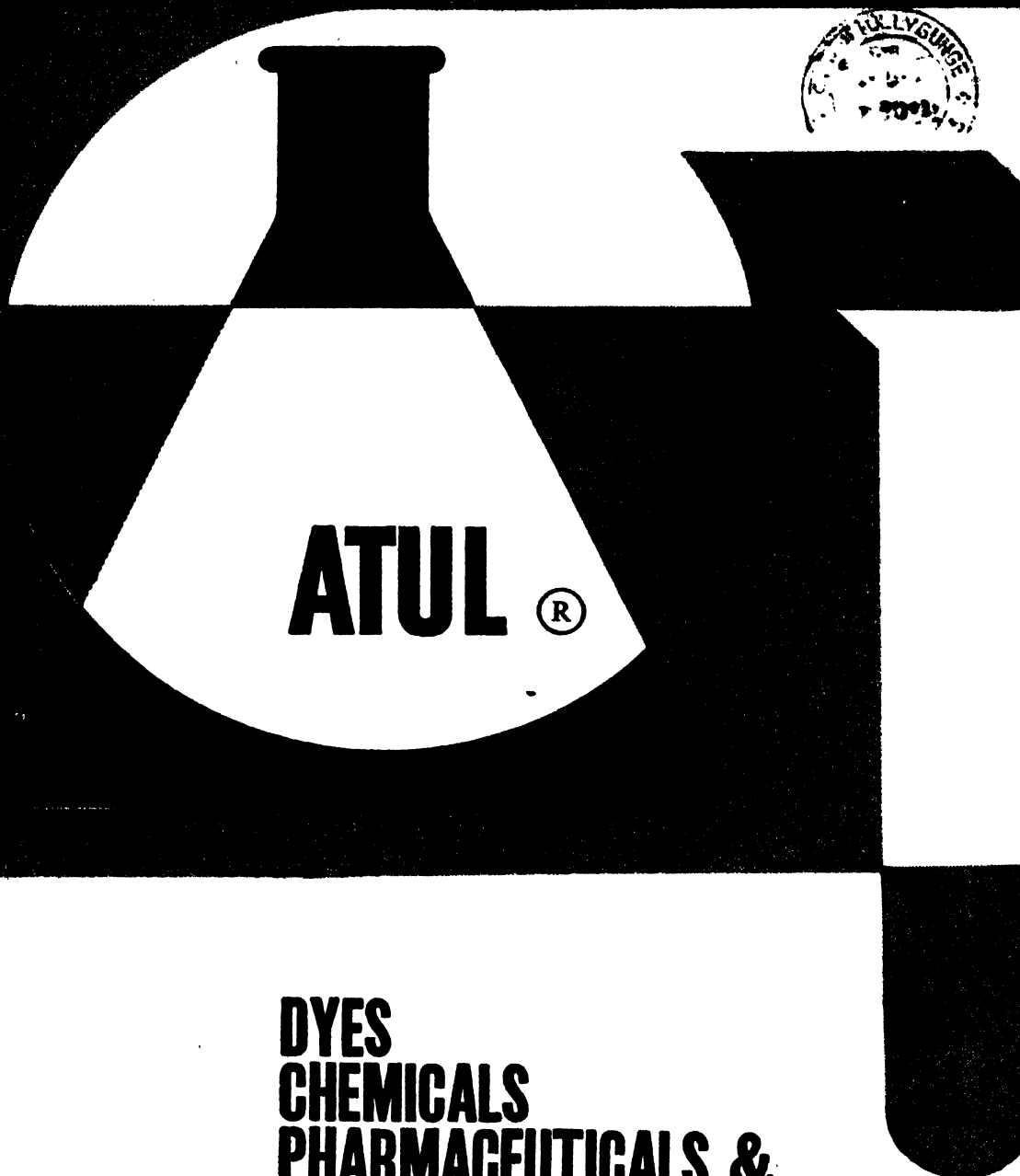
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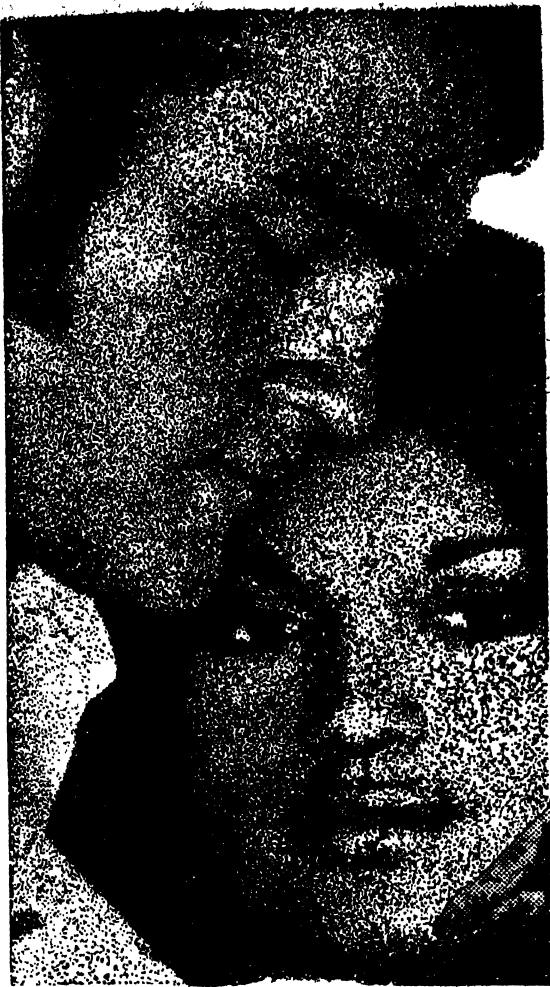
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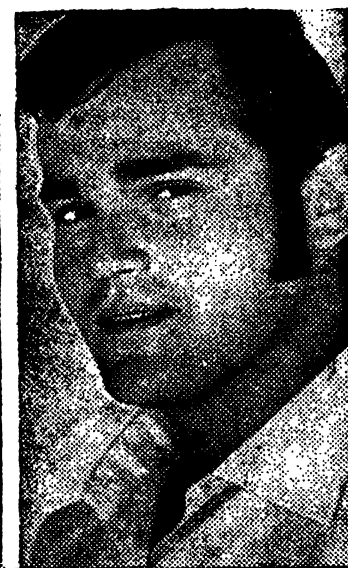
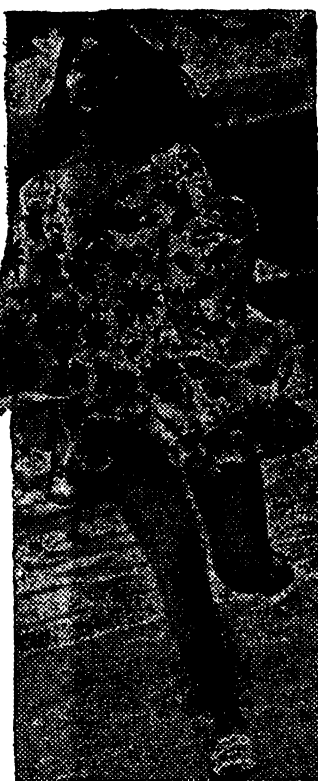


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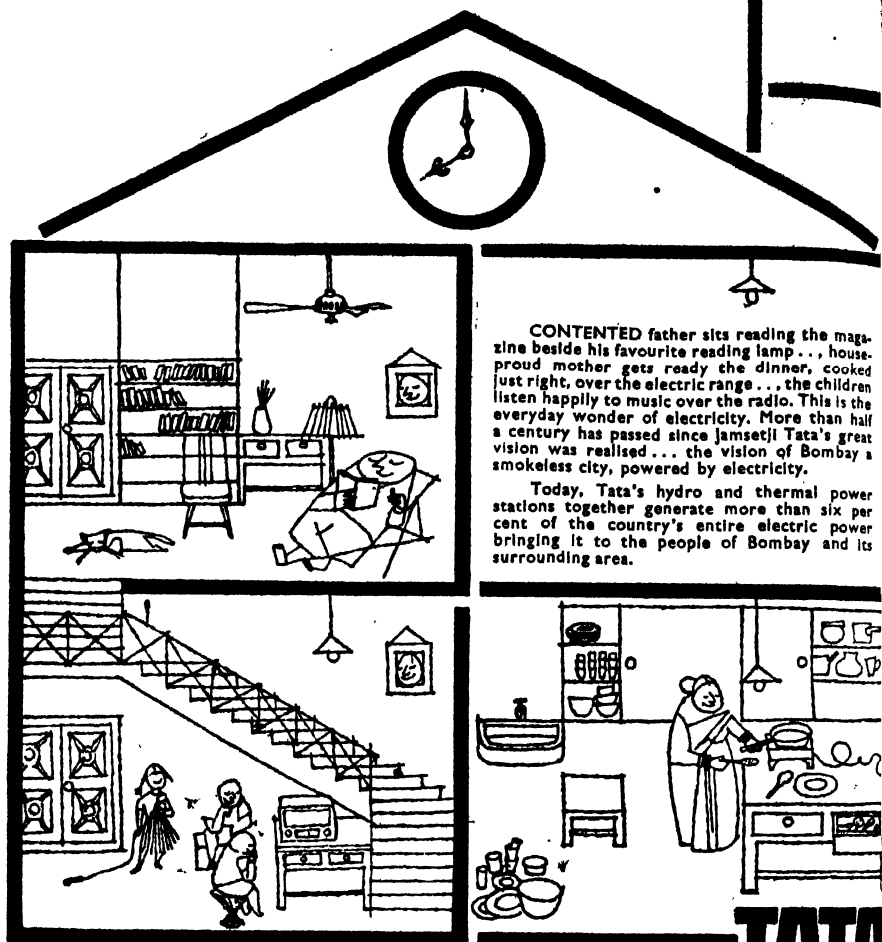
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COMMERCE

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EDITOR:
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D. B. MAHATME

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The meaning of currency crisis

FOREIGN exchange markets are settling down after the upheavals caused by the currency crisis last week. Buying and selling margins have narrowed and the bear's grip on the dollar is weakening. The price of gold, however, continues to mount on the London bullion market and has reached the highest level for 18 months. A threat had developed to the agricultural policy of the European Economic Community on the question of concessions to be paid to the German farmers as a result of the floating of the mark. West Germany, however, made an important concession and agreed that no compensatory measures would apply if the level of the mark did not exceed 2.5 per cent above its official parity and this has saved the policy at least for the time being.

It is generally agreed, however, that the present easing of the situation may not last long unless in the meantime some concrete steps are taken to ensure that the crisis would not be repeated. While there is general agreement regarding the need for stabilising measures, there is wide disagreement on what should be done to ensure stability. The United States is blamed in Europe for the current monetary crisis. It is suggested that Europe is forced to pay the price of the dollar's sickness and mounting isolationism in America. It is pointed out that the currency system in its present form would survive only if the United States takes care of its balance of payments, or a world-wide balancing of all currencies takes place. The US dollar is still over-valued and the national budget of the US remains in disorder. These are unsettling factors and unless they are taken care of, the currency crisis would be a recurring phenomenon. This being the reading of the situation from

the European side, the measures suggested are devaluation of the dollar, which means the same thing as raising the official price of gold, or taking measures to wipe out the US's balance of payments deficit.

Some former US Government officials have also emphasised the need for bringing the payments deficit into balance. They have pointed out that this was a national and international responsibility of critical priority. The concern of these American critics is justified by the fact that last year the US balance of payments deficits touched a staggering peak of about \$10 billion. In the first three months of the current year, the US had an astounding quarterly balance of payments deficits of about \$5 billion. In other words, if this trend persists, theoretically it may be argued that the US during this year may have a deficit of about \$20 billion! Even the richest nation on the earth cannot go on living beyond its means in terms of foreign exchange. America must earn at least as much as it spends and invests abroad. That it has failed to achieve this objective is, according to the Europeans, the basic cause of the currency crisis in the Western world.

The present US Administration, however, is not unduly perturbed by the developments on the European markets. It has been made abundantly clear that the United States had no intention of devaluing the dollar by reducing its gold value. As far as the balance of payments deficits are concerned, again, no one is left in any doubt that the White House is determined to stick to programme of getting production up and unemployment down.

Mr John Connolly, the Secretary of the Treasury, has declared: "This nation is continuing its fight against inflation and is making more progress than any other nation I know about." The obvious reference is to the recent rumours about a possible revaluation of the mark and the speculative rush into that currency as a result of these talks. The official view in the United States is that expansion in the US would ultimately result in the improvement of its balance of payments and especially its trade balances.

The Americans have been arguing that if West Germany could aspire to a policy of full employment and economic expansion, there is no reason why the US should not do the same. While one could appreciate this line of reasoning on the part of the United States, it needs to be remembered that it has a special responsibility in view of the fact that Euro-dollars have taken over the international role which was once played by sterling. This Euro-dollar pool is today worth \$50 billion. During 1970, the banks in the US got rid of Euro-dollars worth around \$12 billion. This resulted in a sharp fall in short-term Euro-dollar rates, and in spite of the recent discount cuts by most West European Central Banks thousands of millions of dollars have been withdrawn from the Euro-dollar market and converted into D-Marks. This influx has to be stopped somehow and the US has to play its part in this. It is true that it has taken two steps to help in damming the rush. It has raised short-term interest rates and has issued bonds to soak up Euro-dollars. But they have not been of much help in meeting the critical situation.

It needs to be realised that the international monetary system is standing at the crossroads today. Palliative measures such as devaluation, revaluation and exchange control cannot help the system to master the recurring crises. A major decision is called for. Sterling has ceased to be a major currency in which countries would hold their foreign exchange balances. The dollar has taken its place. Britain realised after the Second World War that it required tremendous resources and a will to sacrifice, up to a point, national interests if it had to manage a currency forming the basis of international monetary transactions. If the dollar has to maintain the position it has acquired as the main currency for international trade and a major currency for its international settlements, the US will have to accept the responsibilities that go with it. If it is not willing to do so, world powers will have to sit down in a conference to find a way out. It is unfortunate but true that the International Monetary Fund takes a backseat whenever there is a major currency crisis affecting the rich world. The SDRs have failed to help even in mitigating such crises. Therefore, if the exchange rates are to be kept stable, some other means will have to be found. It seems the major decision to be taken is whether it is possible to reconcile stable exchange parities with the sovereign powers claimed by nation States in the modern world.

So far as India is concerned, it is in her interest that the stability of the exchange rates is maintained. It has huge debts to repay and it is easier to manage this if exchange rates are steady. The present crisis, however, should act as a warning. Both the people and the Government of this country have to keep constantly in mind the simple economic proposition that economic progress is possible only if there is restraint in consumption and the most economic use is made of productive resources in men as well as in material. Yet we have a very vital stake in the smooth working of the international monetary system which would enlarge international trade and thereby help us to earn more foreign exchange which we so badly need.

Coming to brass tacks

IF the FICCI annual meeting in New Delhi last month was notable for the absence of confrontation between the Government and industry, the more recent meeting of the All India Manufacturers' Organisation in Bangalore revealed increasing signs of rapport between the two. The AIMO President's speech and the resolutions

adopted by the Organisation showed a greater understanding of the Government's economic and social objectives and a willingness on the part of industry to reorient its ideas and efforts so that it can give of its best in attaining these objectives. It would be uncharitable to the business community to say that it had no alternative but to fall in line with the Government after the overwhelming victory of Mrs Indira Gandhi's party in the recent elections to the Lok Sabha. Obviously this induced fresh thinking on its part and none but those who are wooden would have failed to rethink in the face of such a clear verdict of the electorate.

But this should have so soon crystallised into a positive response by business and industry is not entirely due to the poll outcome. At her first Press Conference after the elections, Mrs Gandhi said that in the present day context left and right policies were out of date and the Government would pursue pragmatic policies. Such assertions in the past have turned out to be hollow, but during the two months the new Government has been in office it has announced measures which give rise to the hope that pragmatism may become the keynote of its policies. The business community's readiness to "adequately participate" in the programmes for economic development and social progress is more in response to this, though it is true that pragmatism has been made feasible by the elections. The mandate given by the people in no uncertain terms has helped to free the Government to a great extent from doctrinaire pressures.

In the prevailing situation, pragmatism can mean only one thing—increasing production all round. Happily, the measures announced by the Government lately are designed to achieve this end. To take a recent instance, it has decided to let the private sector set up about half a dozen mini steel plants employing the continuous casting process, each with the capacity of 50,000 tonnes. This shows that it is now inclined to be more flexible in the matter of steel making which is reserved for the public sector under the Industrial Policy Resolution. It has also relaxed its policy in regard to continuous casting machines. Private parties need not wait until the Heavy Engineering Corporation is able to manufacture them. They can now import these. Sponge iron plants are also to be allowed to be established in the private sector.

Timely steps have been taken to increase the availability of steel on which depends rapid industrial growth. Mr S. Mohan Kumaramangalam informed the Iron and Steel Advisory Council, which met in New Delhi this week, that licences of the value of Rs 42 crores had been issued in addition to the import of 250,000 tonnes of steel allowed to actual users, exporting units and public undertakings. Further, Hindustan Steel has been asked to import steel in bulk to the extent of 500,000 tonnes. At the same time, in order to reduce its dependence on steel imports the Government has wisely decided to import Rs 19 crores worth of refractories and spare parts which should contribute to greater utilisation of steel capacity in the country. Indigenous steel production went down to 6.1 million tonnes in 1970-71 from 6.4 million tonnes in the previous year. While this is largely due to work stoppages arising from strikes and lockouts, operational bottlenecks have also taken their toll. The latter, however, can be remedied through timely imports of essential spares and materials.

The Government has not ignored the needs of other industries. For instance, recently it gave licences to a number of private enterprises irrespective of their size to set up units for the manufacture of soda ash, a basic chemical which is used for producing other chemicals and in a variety of industries. Also, by finally doing away with the banned list of industries which was introduced to restrict the creation of additional capacity in those branches of industry where adequate capacity already existed, it has removed a psychological irritant to industry. All this is a heartening trend which can be strengthened only by the Government and the business community by building up numerous bridges of trust between Government and business.

WHEN the Chinese startled the world early last month by inviting American Ping Pong players to Peking during the World Table Tennis Championship meet in Nagoya, Japan, they also made a minor but significant economic gesture to their Japanese hosts which delighted quite a few Japanese industrial giants. The Chinese Table Tennis delegation purchased several Toyota passenger cars, two Toyota micro-buses and two diesel buses from Hino motors as "souvenirs". It was for the first time that China was buying automobiles from Japan. The purchases of these "souvenirs" also indicated the possibility of Japan exporting automobiles and trucks to China—a favourite dream of the Japanese auto-makers. It was not surprising, therefore, that some of the Japanese steel companies, chemical and fertiliser complexes and automobile manufacturers vied with one another in raising funds to finance the tour of the Chinese Ping Pong players to various parts of Japan. The total bill that the Japanese industry footed for this goodwill tour of the Chinese Communist Ping Pong players amounted to about Rs 10 lakhs (\$140,000). It was also not surprising that such strangers to Chinese trade as Toyota motors contributed much more than the well-known "China trade firms" of Japan.

Throughout their 1,300-year-old ties the Chinese and Japanese have developed a peculiar "love-hate" relationship. In the 'thirties, however, this was converted into pure hatred when Japan occupied some parts of China. In any relationship between Peking and Tokyo the spectre of Japanese militarism will always haunt the Chinese, irrespective of the fact whether communists or nationalists are in power. But it is also true that both China and Japan realise that geography has so decreed that they should learn to live together.

Geography has also played a crucial role in China-Japan trade. The trade between the two countries had been going on since the establishment of the Tang dynasty in China in the 7th century. In the present century the extension of Japanese rule over key areas of China, particularly over most of her ports through which her foreign trade was carried on, created favourable circumstances for the expansion of a semi-colonial type of trade by Japan with China. In the late 'thirties, about 15 per cent of Japan's imports came from China while nearly a quarter of her exports went to that country. China exported mainly raw materials—soyabean, iron ore, coal, pig iron and salt—in exchange for Japanese textiles and capital goods. In fact, these capital goods were meant mainly for the Japanese-owned industrial enterprises in occupied Manchuria. During the Second World War the trade between the two countries was paralysed, but immediately after the war a beginning was made to resume the economic ties between the two neighbours.

The post-war trade relations between China and Japan mirror rather graphically the ambivalence that exists in the psychos of these countries towards each other. They also reflect the inevitable tensions caused by Japan's close relations with the US and Taiwan. Although Japan has no diplomatic ties with China, both the countries have developed peculiar institutions which serve their interests in matters of

Ambivalence in Japan-China ties

By Vadilal Dagli

trade and camouflaged diplomatic activities. The year 1950 witnessed a nominal beginning in trade. In that year the volume of trade between the two countries was of the order of \$60 million. But there was a sharp fall during the period of the Korean war when Japan's exports to China dwindled to a mere \$0.6 million, while her imports from that country dropped to \$15 million. But an attempt was made to resume trade, and the first Japan-China agreement for trade on a non-governmental basis was concluded in 1952. As a result of these non-official efforts, the trade volume touched \$150 million in 1956. Two years later, in 1958, the China-Japan relations deteriorated as China made an attempt to use the trade bait to topple the Kishi Government. By 1959 the volume of trade between the two countries dropped to \$20 million.

But the estrangement between China and the Soviet Union provided an unique opportunity for Japan to enter the Chinese market. China also wanted an alternative source of imports of capital goods. So Peking evolved some face-saving formula to resume trade with Japan sans diplomatic relations. In 1960 trade between the two countries began under the "friendly-firms" formula. The "friendly firms" were those Japanese firms with which China was willing to trade. These firms were recommended by Japanese political parties and public organisations which were sympathetic to the Mao regime. Two years later, on November 9, 1962, a "memorandum" on China-Japan trade was signed in Peking by Liao Ch'eng-chih, Deputy Director of the Chinese Ministry of Foreign Affairs, and Tatsunosuke Takasaki, Japanese Minister of Economic Planning and International Trade and Industry. Initially it was decided to have a five-year agreement which ended in 1967. Now the Memorandum Trade Agreement is extended annually. Thanks to these devices a non-official trade office of Japanese business interests has been established in Peking. Most of the functionaries of this trade office are retired government officials. The Chinese Government also maintains a similar trade office in Japan. These are fairly large establishments and they are aptly nicknamed 'trade embassies'.

These ingenious devices helped China at a time when the deterioration of economic relations with the Soviet Union had completely unsettled her foreign trade. It was also useful to Japan as she was eager to establish a foothold in the growing neighbouring market of over 700 million people. After the establishment of "friendly firms" and the "Memorandum Trade" relations, the volume of trade between the two countries almost doubled every year and in 1965 it reached a peak of \$470 million. The year 1965 also witnessed another important change in China-Japan trade. During that year Japan became a net exporter instead of a net importer from China. In 1966 the trade volume again registered a spurt to reach \$620 million. Because of the cultural revolution and of the thrust by West Euro-

pean countries to have their share of the Chinese market, Japanese exports in 1967 and 1968 declined. In both these years they remained at a low level of \$550 million.

But 1969 witnessed another spurt in Japanese sales to China. Japan also made a determined bid to take advantage of the Chinese Government's new policy of opening their country to the non-communist world from whom they now import four-fifths of their requirements and Japan replaced the Soviet Union as the main trading partner of China by 1969. In that year nearly one-fourth of China's imports worth \$410 million came from Japan and about 12 per cent of China's exports valued at \$225 million went to Japan. In 1970 the volume of China's trade with Japan rose to \$825 million; Japan's exports amounting to as much as \$570 million. The Japanese industry has been hoping that in the current year the volume of China-Japan trade may be pushed as high as \$1,000 million.

China's import pattern has also undergone a sea-change. Iron and steel and chemical fertilisers now account for nearly two-thirds of her imports from Japan. Machinery and instruments and chemical products are other major items. Japanese imports from China, on the other hand, are confined to agricultural and fisheries products, minerals and textiles. In the current year Japanese steel exports to China will shoot up to 1.5 million tonnes from 9 lakh tonnes last year. The recent offer by the Chinese to buy plant equipment including a chemical fertiliser plant from Hitachi has also electrified the Japanese business scene. It is these developments that have prompted the Japanese business interests to forecast that this year the Japan-China trade might touch the billion dollar mark.

But Japan has been paying a special price in terms of her self-respect while building up her trade with Peking. After her estrangement with the Soviet bloc, China decided to keep politics out of trade. But in this Japan is an exception. With every dollar of additional trade, China wants to wrest some political concession from Tokyo. The annual ritual of renewal of Japan-China Memorandum Trade is a humiliating experience for Japanese political and business leaders.

For developing trade with China Japan will do everything possible short of alienating the US. The Japanese firms are slowly curtailing their interests in Taiwan and South Korea as this is one of the conditions of China for expanding trade with her. The Soviet Union recently asked Japan for loans from her commercial banks to develop Siberia. Japan has not responded to this request lest it should offend China. The Japanese are also exploring the possibility of setting up a special export credit institution to give long-term credit to China. So the seventies might witness a new upswing in China-Japan relations. □

MARKET GOSSIP

Managers' remuneration

THE Delhi High Court has given an important judgment dealing with the administrative ceilings on managerial remuneration fixed by the Central Government through revised guidelines in this matter. Under Section 198(1) of the Companies Act, a ceiling has been fixed on the total managerial remuneration payable by a public company to its directors. This ceiling is fixed at 11 per cent of the net profits of that company for that financial year. Under the guidelines issued by the Central Government, administrative ceilings have been imposed on this remuneration. It is Rs 90,000 per annum on salary including dearness allowance and all other fixed allowances and Rs 30,000 as perquisites which together come to an overall ceiling of Rs 1,20,000 per annum.

This administrative ceiling was challenged by the Upper Doab Sugar Mills Ltd before the Delhi High Court and the Court ruled that the executive cannot go beyond the statute even if the purpose was to conform to the overall socio-economic objectives of State policy. This was described by the Court as a short-cut to improve public condition. The Court added that it appreciated the Company Law Board's object but preferred that it should be achieved through a legislative amendment to the Act rather than through the imposition of ceiling through administrative action.

It was argued on behalf of the Board that it had the right to change the remuneration fixed by the company by virtue of its power under the Company Law to impose a condition while approving the appointment of the first managing director. The Court accepted that the ambit of the power given under the law to the Central Government regarding the nature of the conditions to be imposed is worded widely, but there were "inherent and built-in limits". These limits are the provisions of the Act, the statutory requirement to exercise discretion reasonably and judiciously and the requirement to ensure that the nature of the conditions imposed is not contrary to the provisions of the Act. This means that the executive is not free to impose a condition which is against the statutory maximum permitted. If the Central Government wanted to impose the ceiling on the ground of State policy it will have to amend suitably the Companies Act. Mr Raghunatha Reddy has given an indication that this may be considered while an amending bill to the Companies Act is brought before Parliament. □

Bonus issues

THE restrictive guidelines laid down by the Government on bonus issues from April 1, 1970, namely, there should be a gap of at least 18 months between two announcements, there should not be more than two bonus distributions by the same company in five years and bonus shares should not be issued in lieu of dividend, have already restrained the bonus issue programmes of companies. During the

quarter January-March this year, 22 companies issued bonus shares worth Rs 9.7 crores as against Rs 20.9 crores by 43 companies in the same quarter last year. During October-December 1970, bonus issues were lower at Rs 5.8 crores compared to Rs 9.4 crores in the corresponding period of the previous year.

However, the issuance of bonus shares during the first two quarters (between April-June and July-September 1970) immediately after the new guidelines came into force was higher when compared to the corresponding period of the previous year. But this was mainly because of the clearance of backlog of proposals and consents approved prior to the application of the new guidelines. Despite this, the total bonus distribution during 1970-71 (April-March) remained lower at Rs 28.7 crores as against Rs 35.7 crores distributed during 1969-70. The ratio of bonus issues during January-March 1971 ranged between 1:1 and 1:6 as against 1:1 and 1:10 in the corresponding period in 1970. □

Verdict on National Rayon

THE Company Law Board has issued an order on the application filed by the Chinoy Group with a view to ensure that the Kapadia Group did not succeed in gaining control over the management of the National Rayon Corporation. The application was under two sections of the Companies Act. They had prayed for the intervention of the Government under Section 250 of the Companies Act against what they alleged amounted to cornering of shares by the Kapadia Group. This section empowers the Central Government to restrict under certain circumstances transfer of shares, issue of shares, voting rights and payment of dividends. Under sub-section 4 of this section, the Central Government is specifically empowered to direct that any transfer of shares in the company for a period not exceeding three years would be void if it believed that a transfer of shares in a company is likely to change the composition of the Board of Directors. This part of the application has been rejected by the Company Law Board.

The Chinoy Group had also gone before the Company Law Board with a complaint that an attempt was being made by the Kapadia Group to gain control over the management of the company. As regards this part of the complaint, the Company Law Board has directed under Section 409 of the Companies Act that no resolution passed or that may be passed or action taken or may be taken to effect a change in the Board of Directors after the date of complaint shall have any effect unless confirmed by the Company Law Board. The election at the last annual general meeting and the co-option were, however, confirmed. Finally the Board has decided to issue show-cause notices to the National Rayon Corporation, Chinoy Group and Kapadia Group under Section 408 of the Companies Act which empowers the Government under certain circumstances to appoint not more than two

persons to hold office as directors of the company.

This is intended to prevent the affairs of the company being conducted in a manner oppressive to any member of the company, prejudicial to the interest of the company or prejudicial to public interest. Thus there is a likelihood of Government nominees being appointed on the National Rayon Corporation Board of Directors unless the two groups succeed in establishing that the circumstances contemplated under Section 408 have not arisen. This is a remote possibility. The battle between the two groups is thus likely to result in Government intervention. Market circles are closely watching the developments. There is a general feeling that the uncertainty regarding the management of the company makes it difficult for the Corporation to plan for the successful working and progress of the company. □

Unsold cotton stocks

WITH only three and a half months for the current cotton season to end, there is ironically enough a glut in cotton in Maharashtra and, at any rate, with the State Co-operative Marketing Federation. The season which witnessed perhaps the longest spell of scarcity conditions leading to unprecedented price spurts, is now witnessing a crisis of another kind, namely, unsold stocks. Maharashtra's Minister for Co-operation, Mr Y. S. Mohite told the State Legislature towards the end of last week that the Federation was saddled with unsold stocks of cotton worth Rs 1 crore. As a remedy, the State Government had urged the Textile Commissioner to relax the stock stipulation. The implication is that the mills are not buying cotton because of the stock limits. The actual position, however, is that the mills do not have the wherewithal to effect cotton purchases because of the curbs by the Reserve Bank. □

Silver falls

CURRENCY crisis abroad is having its impact on unofficial deals in dollar as also the bullion prices. The dollar is reported to be fetching Rs 13.50 as compared to Rs 14 a fortnight ago. But the buyers are stated to be few. The silver prices have almost crashed. In the weekly delivery the prices have come down from Rs 595 to Rs 583.75 per kg. Market circles believe that supplies of US silver to the UK will increase with an adverse impact on the prices in UK. Since the prices here are influenced by the UK market, the smuggling of silver from here may be affected. The onset of moonsoon would be another factor that may bring down the smuggling activity. The marriage season would be coming to an end within the next few weeks. This would be a bearish factor as far as demand is concerned. The events in Bangla Desh have also had some effect on silver supplies. The arrivals of the white metal in Calcutta have increased. In tune with the trend in prices in markets abroad the gold prices here also moved up from Rs 187 per 10 gm to Rs 192, but later came down to Rs 190. □

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SURVEY

POLITICS OF GUJARAT GAS

THE issue relating to the unilateral raising of the price of gas by the Oil and Natural Gas Commission to the consumers of Gujarat needs to be solved amicably. The consumers of gas in Gujarat feel that the ONGC ought to have consulted the important consumers before raising the price of gas from Rs 50 at the well-head to Rs 106 per 1,000 cubic metres. It is calculated that with the transmission and other charges the price to be paid by the consumers will be as high as Rs 146. Mr P. C. Sethi, Union Minister for Petroleum, has argued that the Commission had worked out the price strictly in terms of Dr V. K. R. V. Rao's award. This is challenged by the consumers in Gujarat. It is argued that under the award the revision in price in 1971 had to be preceded by the review of the actual position regarding output and demand during the period covered by the award. This implies that the important consumers of the gas ought to have been taken into confidence regarding the basis on which the computation was made. The ONGC, however, has failed to share even with the Government of Gujarat the information at its disposal on which the price was fixed. It is rather unfortunate that Mr Sethi should have argued that the matter was one for discussion and settlement between the ONGC and the consumers. Even if this approach is accepted the Commission ought to have shown the courtesy of consulting the Gujarat Government on this issue. The Gujarat Electricity Board and the Gujarat State Fertiliser Company are important consumers of the RFO gas and these concerns being in the public sector the State Government has a stake in this matter.

Even apart from this, any upward revision of the price of industrial power has its impact on the general price level in the State and no State Government worth its name could remain indifferent to such a decision. The Government of Gujarat has taken a stand which is quite reasonable on this issue. All that the Government wants is that the matter should be settled either through negotiations or through arbitration. Mr Hitendra Desai, the Chief Minister of Gujarat, has categorically stated that his Government has already accepted the principle of arbitration. He has also sought the intervention of the Prime Minister in this dispute.

Mr Sethi too had stated in New Delhi that the ONGC did not want to impose a price unilaterally. It was prepared to discuss with the consumers, to inform them of the basis on which the ONGC has computed the price and to give them full opportunity to express their point of view. Mr Sethi would be well advised to take the Gujarat Government also into confidence. It is the duty of all the parties concerned to see that the dispute is not escalated to a point where it might be interpreted as a confrontation between the State and the Central Government. □

INDO-UK TEXTILE TALKS

INDIA'S Foreign Trade Minister, Mr L. N. Mishra, seems to have drawn a blank in his negotiations with the British authorities in London to persuade them to desist from imposing a 15 per cent tariff on cotton textile imports from the Commonwealth countries from January 1, 1972. This was not totally unexpected as earlier efforts to make the UK change her mind had not proved successful. However, a glimmer of hope was raised by the change in the Government there (the decision to impose the tariff was taken by the Labour Government) and the assurance given by Mr Edward Heath to Mrs Indira Gandhi during his visit to this country last January that his Government would look into this matter again. Obviously, the fresh look at the proposal has not induced any change in the attitude of the UK Government.

But on that account India should not throw up the sponge. There are still more than seven months to continue her efforts to make Britain see reason. About 20 per cent of India's total textile exports worth Rs 100 crores goes to the UK. A 15 per cent tariff will certainly gravely affect her exports of textiles to that country as this will give an unfair advantage to other textile exporting countries like Japan, Taiwan and South Korea and some countries of EFTA which will not be subject to this impost. Apart from the element of discrimination involved in the proposal, there is something amoral about Britain, in the first instance, deciding on this step unilaterally.

Since appeals to the UK's conscience have been unavailing, other ways of putting pressure on her to change her stand must be found. One way is to make Britain understand the political implications of her move. Mr Mishra did well to highlight this aspect during his talks with the British authorities and to tell them bluntly that this would seriously erode Commonwealth co-operation and coming in the wake of another irritant provided by the British decision to sell arms to South Africa might cause irreparable damage to the Commonwealth. □

COSTLIER AIR TRAVEL?

IN asking the Government to allow it to increase its fares by 25 per cent, the Indian Airlines is really asking the public to pay the price for its mismanagement and poor industrial relations. Contrary to the earlier expectation of a net profit of Rs 3.42 crores in 1970-71, the IA has now estimated that it will end the year with a loss of Rs 4.65 crores. This is largely due to a series of labour troubles, including a prolonged strike by the pilots during the year, culminating in the lock-out in March. The inept handling of these matters by the IA management is as much to blame as the unreasonableness of a section of the workers for this state of affairs.

The IA, however, has not sought fare increases on this ground probably knowing that this will not cut much ice with the Government, not to speak of the ad-

verse public reaction it will invite. Its case rests mainly on three grounds: (a) excise duties payable to the Centre and sales tax charged by the States on aviation fuel have been going up every year, (b) the wage bill which now amounts to Rs 15 crores will rise by Rs 3 crores when new wage agreements which are under negotiation are concluded, and (c) the re-routing of IA flights in the eastern sector has increased the operational costs.

But the resultant increase in expenditure will be more than offset by higher earnings from the operation of Boeing 737s on the trunk routes. When the IA operates its full complement of these planes—the schedule for the introduction of Boeing 737s in its services has been somewhat upset because of the pilots' strike early this year which affected their training programme—it will have considerably augmented its carrying capacity and achieved a quicker turnround of its fleet which will increase its revenue substantially. The IA's experience of the introduction of Caravelles which resulted in a steep increase in passenger traffic and, more important, pulled the Corporation out of the red should convince it that the phase of profitability which began with the Caravelles would continue if it is not bedevilled, as it was in 1970-71, by incessant industrial strife. That year, indeed, was an abnormal one for the IA. So, on this score, as also of higher operational costs, a fare hike cannot be justified. □

SLOWER GROWTH FOR TEA

THOUGH the Fourth Five-Year Plan envisages an annual compound rate of growth of 1.7 per cent in Indian tea exports, a detailed study published in the latest issue of the *Reserve Bank of India Bulletin* estimates that the growth rate will be only about 1.2 per cent. In arriving at this figure, the study has taken into account not only the exportable surplus that India is likely to have, but also the capacity of the world market to absorb increases in tea exports. Assuming that the growth of 2.7 per cent in production achieved between 1960-61 and 1968-69 would be maintained during the Fourth Plan, tea production in India would be around 450 million kg in 1973-74. Domestic consumption increased in the sixties by 7.3 million kg per annum on an average. However, a higher growth rate in consumption is now anticipated because of the increase in per capita income, urbanisation of population and the spread of tea-drinking habit. The study has assumed that consumption within the country will increase by 8 million kg annually during the Fourth Plan. On this basis consumption will rise to around 230 million kg by 1973-74, leaving an exportable surplus of 220 million kg.

World tea exports were virtually stagnant until the mid-sixties with an annual average growth rate of less than 1 per cent. Thereafter, it has marginally improved. The study, therefore, envisages a growth rate of 1 per cent in world tea exports during the Fourth Plan period. On this

assumption world exports in 1973-74 would be of the order of 625 million kg as against the annual average of 596 million kg during the four years 1968-69. During the period 1961-68 the share of India in world tea exports declined from 38 per cent to 34 per cent. Under the Mauritius Plan of regulation of world tea exports, the total exports for 1970 have been fixed at 1,311 million lb (596 million kg) and India and Ceylon have been allocated a joint quota of 410 million kg. The study estimates that India's share of world tea exports in 1973-74 will be around 35 per cent, i.e. around 220 million kg which corresponds with the exportable surplus she will have in that year. □

CENTRAL RULE IN GUJARAT

IT is for the first time since the formation of the State in 1960 that Gujarat is having the President's rule. The developments in the last few days made any other course impossible. The Chief Minister, Mr Hitendra Desai, had at one stage suggested that the Assembly might be dissolved and his Government be permitted to act as a care-taker government till a new poll was held. The Governor of Gujarat, Mr Shri-man Narayan, did not react favourably to this suggestion. Perhaps he thought that the Congress headed by Mr Sanjivayya might be in a position to form a Government. If this was possible that would have been a better course because the Assembly was scheduled to meet in June to pass the Budget. A duly constituted Government and the Assembly should normally take the responsibility of determining the budgetary proposals in a democracy.

The latest position, however, at the time when the Governor recommended the President's rule for the State was that the Old Congress commanded 68 votes in the Assembly, the New Congress 67, the Swatantra Party 11, the PSP 3, Jana Sangh 1 and independents 13. This being the position the Governor seems to have rightly felt that the New Congress was not in a position to form the Government. The recommendation of the Chief Minister was also not workable because in the absence of the Assembly the Budget could not be passed. The only logical step, therefore, was the President's rule.

The opposition parties have sought to blame the Governor for not affording an opportunity to the New Congress to form the Government. In the present atmosphere of defections and counter-defections the formation of the Government by the New Congress would not have served the cause of democracy. It is now for the people of Gujarat to decide whether they wish the sorry state of affairs that prevailed in the State for the last few days of Mr Hitendra Desai's Government to continue or whether they are in a mood to punish all those who are not able to make up their mind regarding their political allegiance. Gujarat had so far the reputation of being a State with steadfast loyalties. The fresh elections should give the people a chance to remove the reputation. □

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	Apr. 24, 1971	Apr. 17, 1971	Mar. 27, 1971	Apr. 25, 1970	Over a week ago	Over a month ago	Over a year ago	Over two years ago
Food articles ..	202.2	204.1	199.8	199.7	-0.9	1.2	1.3	8.9
Industrial raw materials ..	187.1	182.3	181.5	188.5	-2.7	-2.3	-0.3	10.2
Manufactures ..	181.7	181.9	180.5	149.3	-0.1	0.7	8.3	15.4
All Commodities ..	181.5	182.9	180.7	176.3	-0.5	0.4	2.9	10.3

Money and Banking

(Rs crores)

	Apr. 30, 1971	A week ago	A month ago	A year ago	Percentage variation		
		Apr. 23, 1971	Apr. 2, 1971	May. 1, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply ..	7,298 (a)	7,312	7,199	6,531	-0.2	1.4	11.7
Bank credit ..	4,659	4,699	4,695	4,071	-0.9	-0.8	14.4
Bank deposits ..	5,972	5,977	5,901	5,088	-0.1	1.2	17.4
Credit/deposit ratio ..	78.02	78.62	79.56	80.00	..	..	..
Foreign exchange reserves ..	780 (c)	778 (c)	784 (c)	821	0.3	2.1	-5.0

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/ Index			
Industrial production (seasonally adjusted) ..	1960=100	Dec. 70	180.1	182.8	-1.5	1.5
Exports ..	Rs crores	Feb. 71	101	144	-29.9	1.2
Imports ..	Rs crores	Feb. 71	151	157	-3.8	18.0
Trade balance ..	Rs crores	Feb. 71	-50	-13	..	..
Foreign exchange reserves ..	Rs crores	and-Apr. 71	780 (c)	764	2.1	-1.9
Cost of living index ..	1960=100	Feb. 71	184	184	..	4.0

ANNUAL INDICATORS

	Unit	1969-70	1968-69	1964-65	Percentage variation in 1969-70 over 1968-69	Annual rate of growth between 1964-65 and 1969-70
National income at 1960-61 prices ..	1960-61=100	134.4 (a)	127.4	119.7	5.5	3.3
Per capita income at 1960-61 prices ..	1960-61=100	108.0 (a)	104.9	108.7	3.0	-0.1
Agricultural production ..	1949-50=100	169.9	159.5	159.4	5.8	1.0
Foodgrains production ..	Million Tonnes	99.5	94.0	89.0	5.8	2.3
Industrial production ..	1960=100	174.5	163.7	144.8	6.8	8.9
Exports ..	Rs crores	1,409	1,354	1,286 (b)	4.1	1.9
Imports ..	Rs crores	1,568	1,909	2,126 (b)	-17.9	-5.9
Trade balance ..	Rs crores	-159	-555	-840 (b)	..	..
Foreign exchange reserves (year-end) ..	Rs crores	821	577	393	42.3	15.9
Money supply (average) ..	Rs crores	6,009	5,428	3,866	10.7	9.3
Bank credit (average) ..	Rs crores	3,583	3,107	1,808	15.3	14.7
Bank deposits (average) ..	Rs crores	4,781	4,079	2,467	16.0	18.9
Wholesale prices (average) ..	1961-62=100	171.5	165.4	122.3	3.7	7.0
Cost of living index —working class ..	1960=100	177	174	129	1.7	6.5

Notes :

- Estimated by Commerce Research Bureau.
- At post-devaluation rate.
- While estimating foreign exchange reserves, SDRs transactions that might have taken place on February 28, 1971 have not been taken into account.
- The figures indicate percentage change during the current calendar year upto the month indicated as compared to corresponding period in the preceding calendar year.

THE WEEK

THE President promulgated on Thursday (May 13) night the General Insurance (Emergency Provisions) Ordinance, 1971, which vests in the Government with immediate effect the management of all general insurance companies, Indian as well as foreign, doing business in India. This is the first and preparatory step to the nationalisation of general insurance through legislation in the ensuing session of Parliament. The Government proposes to appoint custodians for all these companies in a day or two. Till then the existing managements will continue to be in charge but as agents of the Government. They will be free to carry on normal day-to-day transactions but important transactions would need the prior sanction of an authorised person appointed by the Government. Such authorised persons would function from Friday morning. The Finance Minister, Mr Y. B. Chavan, announced that compensation would be paid for each month to all Indian companies at the rate of one-twelfth of the average annual profits distributed by them during 1967, 1968 and 1969 or at Rs 2.50 per Rs 1,000 of the net premium income written in 1969, whichever was higher. For foreign companies, only the second alternative would apply. On the basis of the latter formula, the compensation would amount to about Rs 28 lakhs per month during the period of take-over. A press note issued by the Finance Ministry stated that the present thinking was to set up four corporations competing with one another in general insurance all over the country. The ordinance does not apply to the general insurance business of the LIC and of the State Governments.

President's rule was imposed on May 13 for the first time in Gujarat, following the breakdown of constitutional machinery. Earlier, the State Governor, Mr Shriman Narayan, had reported to the Union Government that the Hitendra Desai Ministry had lost its majority owing to fresh defections and that the Congress (R) was not in a position to form a stable Government. (See also *Survey*.)

A major step to solve the Western currency crisis was taken when the West German Cabinet decided on May 9 to "float" the mark on foreign exchange markets. This step was taken to stem the inflationary flow of American dollars into marks. The West German decision followed a 20-hour meeting of the Common Market Finance and Economic Ministers in Brussels at which the French representative dropped his country's opposition to temporary floating of European currencies as a means of stemming excessive capital inflows. But the West Germans failed in their attempt to organise "a concerted upward float" by all EEC currencies against the dollar.

The Dutch Government also decided to float the Dutch guilder. The Swiss franc was revalued by 7 per cent and the Austrian shilling by 5.05 per cent. The Belgian Prime Minister, however, announced that the Belgian franc would no longer be handled on the official market but solely on the free market. Belgium is the only EEC country which operates on a two-tier system. (See also editorial and Report the World.)

In view of the unsettled situation in the European currency market commercial banks in India are doing large transactions

in West European currencies on a provisional basis at the rates prevalent before West German mark was floated on May 9. This is being done presumably to prevent disruption of the flow of foreign trade. The transactions are subject to subsequent adjustments in exchange rates as may be decided upon by the Foreign Exchange Dealers' Association, Bombay.

The President, Mr V. V. Giri, promulgated on May 7 the Maintenance of Internal Security Ordinance empowering the Central and State Governments to detain, without trial, any person (including a foreigner) with a view to preventing him from acting in a manner prejudicial to the defence of India, the relations of India with foreign powers, or the security of India. A person can also be detained for the purpose of maintaining public order, essential services and supplies. The Ordinance extends to the whole of India, excluding Jammu and Kashmir. No detention order made under the Ordinance shall be invalid or inoperative merely because the person to be detained under it is outside the limits or jurisdiction of the Government or officer making the detention order. The maximum period for which any person can be detained is 12 months provided that a fresh detention order against him may be issued on the expiry of the initial period of detention. No suit or other legal proceedings shall lie against the Central or State Governments, and no suit or prosecution or other legal proceedings shall lie against any person for anything done in good faith in pursuance of the Ordinance.

The Minister for Planning, Mr C. Subramaniam, said in New Delhi on May 11 that all the functions assigned to the Planning Ministry in the recent Presidential notification would be restored to the Planning Commission and an amendment to the Presidential notification to this effect was being issued.

The Union Government has decided to dispense with the "banned list" of industries altogether. The list indicated the industries (159) in respect of which applications for licences were ordinarily rejected without reference to the Licensing Committee.

The Company Law Board (CLB) decided on May 10 that any move to change the board of directors of the National Rayon Corporation will have no effect unless it is approved by the Board. The decision will be in force till the end of 1971. In an order passed on the petitions filed by the Chinai group the CLB has also decided to issue show cause notices to all parties why Government nominees should not be appointed on National Rayon's board of directors. The CLB, however, rejected the Chinai group's application to freeze the voting right of the Kapadia group. (See also Market Gossip.)

The Kerala Government promulgated an Ordinance on May 10 nationalising nearly 1200 sq miles of private forest in the Malabar area of the State. No compensation will be paid to the owners of private forests because, as claimed by the State Government, this is being done as part of the State's agrarian reforms programme.

Money steady

Conditions in the Bombay short-term money market were steady as of Wednesday. Demand for funds was maintained but supply of credits was short of requirements and there were borrowers over at the close. In the inter-bank call section, both renewals and fresh money were reported at 6 per cent. In the Calcutta market the rate ruled at 5½ per cent.

Price index down

During the week ended April 24, 1971, the Index Number of Wholesale Prices recorded a fall of 0.8 per cent to 181.5. At this level, the index was only 2.9 per cent above its level a year ago.

PEOPLE

MR K. N. MODI has been unanimously elected President of the All-India Manufacturers' Organisation.

Mr M. Mathias of Hindustan Lever has been elected President of the All-India Food Preservers' Association.

Mr Parks Chrestman has been appointed Managing Director of Goodyear India.

50 years ago

In November last we reviewed in these columns the report of the Stores Purchase Committee, presided over by Sir Francis Couchman. The appointment of the committee was a natural sequel to the adoption by the Government of India of a policy of encouraging indigenous industries. The enquiry was naturally chiefly directed to the question of the supply of stores of all sorts for government departments, railways and quasi-public bodies. The committee held that the Government of India "have not been generally successful in the efforts made by them from time to time to procure relaxations of the stores rules in respect of the encouragement of local industries and of the local purchase of imported stores", and the committee recommended that "the Secretary of State should delegate to the Government of India full control over the de-

tails of the stores rules. Complete freedom should be granted to India in this matter and it should be accepted as a policy, that all stores required for the public service shall be obtained in India whenever they are procurable in the local market of suitable quality and reasonable price, preference being given to articles of Indian origin." It is the principle that is of first rate importance, but the method by which it is to be carried into practice is likely to lead to conflict—not only of opinions but, may be, of vested interests. The policy of the Government of India, as enunciated, in the two letters just issued to the provincial administrations, is to make purchases of stores for public services in such a way as to encourage the industries of this country so far as is consistent with economy and efficiency.

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The mounting burden of relief camps

NEW DELHI.

INDIA may be helpless in preventing atrocities and cold-blooded murder perpetrated on the people of Bangla Desh by the Pakistani armed forces. But she cannot lack either humanity or even scarce resources to look after the thousands of evacuees who have been forced to leave their hearth and home. In looking after them at the improvised receiving centres, India has merely done her duty as a civilised society. It is some comfort to learn from the team representing the United Nations High Commission for Refugees that India has "taken care of the refugees well". The conscience of the world has been slow in stirring, but not of the Indian people. There has been country-wide and spontaneous expression of sympathy. This sympathy has been backed by voluntary effort to provide hope and succour to the evacuees. The Union Government has extended all assistance to the border States to open reception centres and relief camps. The immediate requirements of foodgrains, accommodation and medicine have been met, whatever their cost to the exchequer.

Obviously, the military regime in Pakistan would seek to ensure that the evacuees whom it has been succeeded in hounding out from their homes, are a good riddance for all time. Equally obviously, it must be India's wish and effort that they go back where they belong. If it survives in its present form, the Pakistani military regime will require tremendous pressure and persuasion to let the evacuees return. For a bulk of the vocal and organised elements which would have opposed military oppression and colonial exploitation by West Pakistan have been done to death. Others have been made to flee the country out of fear of death. The minorities—tribals, Hindus, Buddhists and Christians—have also been singled out for the military pogroms which lead to their being squeezed out of East Pakistan. It is only by keeping the evacuees out of East Bengal that the military regime can succeed immediately in cowing down the rest of the population into submission and over the long haul in tilting the political and population balance. Whether or not this well-laid design to serve the imperialist interests of the ruling minority in Pakistan succeeds will depend considerably on the attitude towards the fate of the evacuees taken by the world powers. Their fate is linked with the future of the military clique in Pakistan.

In the meantime, the burdens imposed on India by the evacuees are there for all to see. The Prime Minister has spoken of how they will "eventually affect this country and its economy". Whatever the eventual effects and arrangements, the immediate impact cannot but be staggering. Already the prices of essential supplies in areas bordering the 1,400-mile international frontier have been looking up. There is acute shortage of accommodation. Lest disease and epidemic should spread, medical relief needs to be organised effectively.

It is a vain hope that two million and more people can be cribbed and confined within relief camps for the next six months and more. Unless early steps are taken to organise work, the relief centres must become the devil's workshop whose uneasy calm should deceive no one. Even if no political activities are allowed, it is unlikely that the evacuees will remain politically unexploited. Among those murdered in West Bengal during the past few months, there is a predominance of the people who have received their political baptism while seeking to survive as refugees from East Bengal. Government must invite more crime and political unrest as the number of evacuees goes up and the period of their enforced exile lengthens.

Even the short-term burden on the Indian economy will be heavy. The first requirement is to ask, against the background of falling prices in some pockets, the Food Corporation of India to raise its

procurement targets and storage capacities. Even if the tide of evacuees is stemmed in the near future, the present burdens on the exchequer could be no lower than Rs 200 crores during 1971-72. Unless there is substantial and immediate assistance from the community of the United Nations, the burden on the country's finances, law and order and communications will make nonsense of every serious effort at stepping up the pace of economic progress. There could be no doubt that this is what Pakistan and China would wish and work for—to cripple the country's economy even as it is poised for another agricultural and industrial upsurge. Simultaneously, steps are under way to bale Pakistan out of its economic crisis by ensuring a massive flow of aid to follow devaluation of the Pakistan rupee. It would be callous of India to leave the evacuees to their own devices until internationally organised aid comes in. But it would in no case be cynical to think that unless India has the courage and farsightedness to protect her interests, Pakistan will get all aid and India keep the evacuees as a running sore. □

GUJARAT

Confrontation over gas prices

AHMEDABAD.

THE fact that the Gujarat Government has asked the Gujarat Electricity Board and the Gujarat State Fertilizers Company not to pay to the Oil and Natural Gas Commission the outrageously high price now fixed by the Commission for natural and associated gas, and the momentum the demand for placing restrictions on the operations of the Commission in Gujarat has gathered, are indicative of the intensity of the resentment against the unilateral decision of the Commission to raise the price by as much as 125 per cent with effect from April 1.

The Commission announced that it would charge Rs 106 per 1,000 cubic metres of natural and associated gas on the expiry of the V. K. R. V. Rao award on March 31. The Rao award does not envisage any upward revision of the price. It is also not disclosed what formula is to be applied to work out the well-head price of gas. The Commission has apparently failed to supply the necessary data even to the State Government and a committee of experts appointed by it. What has provided a sharp edge to the controversy is the refusal of the Commission to consult even the State Government, let alone the consumers, before announcing the price hike. The Commission has already charged as high as Rs 125 per 1,000 cubic metres to one of the textile units in Ahmedabad and attempted to push through a price of Rs 135 per 1,000 cubic metres in the Kalol area. The principle of differential rates for supply of gas from unit to unit, quietly implemented through bilateral negotiations, has also irked the State Government and business organisations.

The conflict could have been softened if the Commission had not behaved as

brusquely as a monopoly supplier of a commodity often does. The Commission knew from past experience that the issue was potentially explosive and also that the relations between the Centre and Gujarat were not exactly cordial. Shorn of emotional and political overtones the issue is certainly not such as to defy solution.

Gujarat has argued that, just as in the case of other areas having natural resources such as coal and hydel power which enjoy the benefit of low cost energy, Gujarat should also be allowed to have the benefit of its natural resources of oil and gas so that its high cost of fuel can be brought down. Gujarat has also argued that since there is no uniform national price for other energy resources like coal there is no reason why the Centre should enforce uniformity in petroleum prices, particularly in prices of by-products like residual fuel oil and natural and associated gas, which have to be used locally. It has also been pointed out that if gas is sold at Rs 9 per 1,000 cubic metres in Assam there is no reason why the Commission should charge as high a price as Rs 106 for this by-product in Gujarat.

If Gujarat offers to consume this gas, which is otherwise flared, should that be a reason to fleece the State? Dr V. K. R. V. Rao, who had five years ago gone into the issue as an arbitrator, himself had said that Gujarat has a valid point in urging that the advantages that accrue to the coal-bearing States by way of low cost in fuel and in power generation should, side by side, apply to Gujarat because of the discovery of gas in its area and its projected use in power generation.

The question which seems to agitate Gujarat is: why should it be singled out for a discriminating treatment even where

it can draw legitimate benefits? On the other hand, it is obviously difficult to estimate correctly the well-head cost of gas, which emerges from soil along with oil and is separated and flared or used either as feed-stock in fertilisers or petrochemicals or as fuel.

The issue could have been settled long back had the Central Government not attempted to recover the cost of exploration from the Commission. The Commission was originally supposed not only to carry out costly explorations but

also to ensure development of petroleum resources and the production and sale of petroleum and petroleum products produced by it. The objective was to cushion high costs of exploration and to set off losses by entrusting the work of refining and marketing to ONGC. But the latter two functions have now been taken away from the Commission, which is still expected to be a profit-making concern. Driven to this position, the Commission is tempted to fleece consumers of gas and pass on the burden to

Gujarat. It simply cannot effect a substantial price hike for its crude oil supplied to refineries.

The State Government is no less responsible for neglecting the entire issue. It is known to have remained passive while the Commission went on bargaining with individual units. The administration was obviously caught napping. The Government, however, has made a sensible demand and wants the whole issue to be examined *de novo* and settled through arbitration. □

IN his address to Parliament, the President recently outlined a package programme for quickening the pace of industrial growth. Obviously a faster rate of growth is the only dependable method of increasing employment and improving the living standards. Any steps taken in this direction would be watched with serious interest. Mr Giri emphasised the need for sound industrial relations and for extending the new technology in agriculture so that the necessary climate and sinews of industrial growth get established.

The Government was alive, Mr Giri suggested, to the obstacles which hamper the speedy implementation of investment programmes and slow down the rate of industrial production. These obstacles, it was promised, would be removed by deploying special task forces. The importance of a well-equipped managerial cadre for public and private sectors was admitted. Wherever the administration delayed the taking of decisions, concentrated too many powers and responsibilities at remote points and was bogged down by financial procedures, the faults in its functioning will be located. Consequential changes in the administrative structure were also deemed desirable. It would be the responsibility of labour and management as well as of the civil service that the steps indicated in the President's address to the joint session of Parliament are actually taken. What these steps are would be indicated by the task forces.

Urgent as the task of stepping up investment is, it is unlikely that the assignments for the task forces have yet been worked out in respect of ministries or industries. The Government does not have to look for them at too many places—last year's performance of the economy in India has thrown up enough warnings and pointers. Oddly enough, after forty years of planning, the Soviet Union is also plagued with almost the same industrial slippages and economic failures. For administrators otherwise short of ideas, the report by Mr Kosygin, as Chairman of the Council of Ministers in the Soviet Union, on the directives concerning the Five-Year Economic Development Plan of USSR for 1971-75 comes closest towards providing the guidelines for the task forces. Mr Kosygin has referred to the need for "concentration of capital investments and reduction of the number of enterprises..."

In her talk to Secretaries, the Prime Minister also had emphasised the need for greater co-operation among ministries which are used to taking a depart-

mental and, therefore, a negative approach. Mr Kosygin opposed this State-within-the-State attitude more forcefully: "The need has arisen to improve inter-branch planning, the significance of which continues to grow due to the necessity of resolving many major economic problems involving several branches of the economy.... We cannot but note that some ministries are still making poor use of the new methods of managing production. All too often the rights of enterprises operating on a profit-and-loss basis are impinged upon, while economic methods are being superseded by administrative ones... Fulfilling plans which co-ordinate the work of different enterprises and branches of production, as well as the long-term prospects of their development, requires a general tightening of State discipline. It is essential to increase the responsibility of each ministry, amalgamation, enterprise and workers' collective for timely fulfilment of all plan assignments." So might the new Planning Minister. Mr C. Subramaniam, address his colleagues in the Union Cabinet.

In its stress on growth with stability the Fourth Plan seeks to redress the imbalances which had emerged on the eve of the Fourth Plan and which are threatening once again to hold up industrial advance along all fronts. As the material balances get out of gear, the fulfilment of the Plan as an inter-related operation is endangered. On this aspect of the responsibility of the planning organisations and industrial plants, Mr Kosygin says that "they must take timely measures to prevent the appearance of disproportions and ensure the precise fulfilment of the plans and the fullest possible utilisation of internal potentialities.... As an example of poor organisation work by ministries, especially the engineering ministries, we could cite the situation with spare parts for machines and equipment. This is felt most acutely in agriculture. Interruptions in the supply of spare parts do considerable harm, causing stoppages and compelling a large number of people to engage in semi-artisan production which adds greatly to the cost of equipment overhaul". As the Indian experience has proved, these imbalances have laid up machinery worth crores of rupees at our major irrigation projects and delay-

ed the work on power generation, fertiliser production and steel making.

The immediate question, therefore, is how the task forces should go about their business of locating bottlenecks and trouble-shooting. Much will depend on how the task forces are constituted. In an administration unable to look beyond its nose, there is every danger that the task forces might become synonymous with job creation by the administrators for the administrators. Does the Government realise that the imbalances in the economy and the non-fulfilment of targets in the core sector are in part the result of existing procedures and the responsibility of the men now at the helm, including ministers? It will be defeating the very purpose of the task forces if these are the only people asked to suggest remedial steps. What is needed is an objective and quick study of what has gone wrong, and where, and why. In the implementation of industrial programmes, the country faces in a big way a technical and managerial challenge. The task forces must, therefore, have a strong leavening of independent expertise if they are not to come up with the same old nostrums and alibis.

Having located the faults and failings and suggested remedial measures which must cut across departmental susceptibilities, the task forces must also enforce a reporting system which makes, for effective and continuing appraisal of the projects in physical and financial terms. There will be considerable pressure, in view of the shortfall of about Rs 200 crores in the outlay on the 1970-71 Plan programmes, for keeping investment low during 1971-72. This will also be politically welcome in the second election year for the respite it will offer in the budgetary and taxation terms. To take this view, however, will be highly shortsighted, since this is the surest way of extending the current stagnation in the core sector, bulk of which lies in the public sector. For a long-term, objective and expert view to bear on stagnation in investment and slippages in industrial growth, the task forces have a crucial role. Political expediency and a bureaucratic tendency to play safe by keeping the experts out should not be allowed to stultify sensible thinking on the organisation of the task forces. □

Task forces—Soviet and Indian

By A Special Correspondent

REPORT

THE WORLD

From Our Own Correspondents

THE WESTERN CURRENCY CRISIS

WEST GERMANY again became the centre of the currency crisis in the industrialised world when nearly one billion dollars moved into that country in less than an hour on May 5. This was the culmination of a massive run from dollars into marks which gathered momentum last year. The gigantic US balance of payments deficits year after year have eroded the Western financial world's confidence in the dollar which has ceased to be "as good as gold". The dollar crisis has also brought to the fore the irrelevance of the IMF in a major currency crisis. While the US remained nonchalant towards the dollar crisis, the West Germans were forced to float the mark. Switzerland and Austria

have revalued their currencies to forestall the pressure of hot funds on their currencies. The current currency crisis, which has been as widespread as the May 1969 crisis which eventually led to the revaluation of the mark by 9.3 per cent in October of that year, has shaken the foundations of the Common Market. Its farm policy has suffered a setback and the first step towards the proposed monetary union of the Common Market countries may not be taken as scheduled in June next. The following are reports from *Commerce* correspondents in Brussels, Bonn, Paris, Washington, Tokyo and Singapore on the impact of the dollar crisis on their respective financial areas.

EEC

Setback for farm policy

BRUSSELS.

THE European Common Market is the first victim of what has been variously described as the dollar-Deutsche mark or currency crisis. To be workable at all, the common agricultural policy, the Six's main achievement to date, requires fixed exchange rates between the currencies of the member States and the EEC's unit of account which is equivalent to the gold parity of the US dollar. Moreover, their ambitious plan for monetary union calls for the elimination of fluctuations between the Common Market currencies and only a fortnight ago the Six fixed June 15 as the target date for the first move towards reducing the permitted margins of fluctuation.

Floating exchange rates clearly are a threat both to the Community's agricultural policy and its plans for monetary union. Not surprisingly therefore Sunday's (May 9) decision by the Six Finance Ministers to allow the member States to float their currencies, if they feel such a step is necessary in order to halt the flow of hot money, has been widely interpreted here as a sharp setback for the EEC.

Its supporters nevertheless hope that the damage to the Community will be limited and therefore quickly repaired. They point out that the Six confounded the sceptics by adopting a Community solution to what some regarded as a German problem. But it is too soon to say whether the four-point programme drawn up by the Finance Ministers and the European Commission after 17 hours of non-stop negotiations represents a genuine compromise and not an agreement to discharge.

The problem facing the Six was how to reconcile the German and French views as to the nature of the crisis and the measures to be taken to meet it. The French maintained that the heavy influx of funds into Germany reflected the weakness of the American dollar. It was therefore up to the US to act. By revaluing their own currencies the Europeans would simply be playing into American hands.

The Germans were more concerned with the effects of the speculative move-

ments on their own economy than with apportioning blame for the continued inflow of funds which has made it even more difficult for them to control inflation. The imposition of exchange controls, as advocated by France and the Brussels Commission, was unacceptable to the German economics Minister, Prof Karl Schiller, whose socialism seems indistinguishable from the laissez-faire policies of his predecessor, Mr Erhard Epler. He took the view that speculation against the mark could be ended only by allowing it to float freely and for as long as necessary.

At first sight, Sunday's decision reconciles these two conflicting viewpoints. It clearly stipulates that there will be no official parity changes. Hence neither the mark nor any other EEC currency will be revalued. On the contrary, the Ministers will draft measures aimed at discouraging the excessive influx of short-term funds into the Community. The Commission had earlier proposed a number of measures including controls on capital movements between the EEC and non-member countries and a negative interest rate on bank deposits belonging to those resident outside the EEC, and the Finance Ministers in fact examined several of them during their marathon session.

But while recognising the incompatibility in normal circumstances between a system of floating exchange rates and the smooth operation of the EEC, the Ministers nevertheless expressed the view that member countries facing an excessive influx of capital could enlarge, for a limited period, the margin of fluctuations of the exchange rates of their currencies in relation to their existing parities.

This circumlocution, taken in conjunction with the decision to maintain official parities unchanged, would suggest that the Finance Ministers' decision does not authorise West Germany or any other EEC country to float its currency freely. Rather it provides for a widening of the permitted margins of fluctuation around parity which is a very different thing from a system of freely floating exchange rates.

The distinction is far from being purely academic. As the Germans obviously cannot float the mark indefinitely, both their

Common Market partners and the speculators are vitally interested in knowing what its parity will be, once the period of floatation is over. The terms of the compromise suggest that the mark presumably will return to its old parity. In fact, it can be argued that, as long as the floating amounts to no more than a widening of the margin of fluctuation by a limited amount, the parity of the mark would remain unchanged.

The French, of course, believe that the speculative fever will not disappear until the American balance of payments position is in equilibrium and the excess liquidity of recent years has been mopped up. Be that as it may, the speculators can be expected to shift their attention from the mark to other currencies. It was in order to forestall them that the Dutch decided to float their currency and the Swiss and Austrians to revalue theirs. Speculation against the Italian and French currencies and even sterling appears unlikely while the stronger Belgian franc is protected by the two-market system in force in Belgium.

This leaves the Japanese yen thoroughly exposed. It is perhaps significant that an official from the Japanese Embassy here was present in the journalists lobby during the entire ministerial session. He gave it as his personal opinion that Tokyo will ease restrictions on imports and capital movements rather than revalue the yen.

WEST GERMANY

An attempt to cure cancer with aspirin

BONN.

THE currency crisis looked at from Bonn gives a different picture. Here the panic was not due to currency speculation, but because of the inflation which is the worst since the war. Internal factors apart, the inflationary pressures were aggravated by other developments. The Bundesbank had to purchase US dollars worth DM 70 billion last week. Faced with such a situation, the Bonn Cabinet favoured Prof Schiller's proposal to float the mark in spite of stiff opposition from commercial banks and the majority of the

CURRENCY CRISIS: Commerce Correspondents report from Brussels, Bonn, Paris, Washington, Tokyo and Singapore.

Board of Bundesbank, who recommended exchange controls and restrictions on foreign borrowings.

The mark is now at its highest value since 1949, causing a devaluation of the dollar by 3 per cent. Prof Schiller stated at a special session of the Bundestag that the old parity between the mark and the dollar would be restored soon. However, according to observers, it would take months before a fixed parity was announced. Moreover, Bonn has declared full compensation to the German agriculturists, the main victims of the present crisis. This indicates that the German Government is preparing for a longer period of floating.

The developments of the past week have shown that among the partners of the European Economic Community, national interests prevail over those of the Community. While the Germans went to Brussels to seek an "European solution" to the crisis, nobody else considered it as an European problem and the Germans found themselves alone on the issue.

A Bonn Minister said that the Americans have pushed so much of their paper money into West Germany that if the Germans wanted they could buy the last gram of gold stored in Fort Knox. However, even with the tight monetary measures adopted by Bonn, the crisis is not cured. The root cause is the Euro-dollars. Unless the US herself takes decisive steps towards a solution, another crisis is sure to come. The Germans are aware of this and an opposition leader said that the present monetary measures are an attempt to "cure cancer with aspirin".

FRANCE

"Bonn playing Washington's game"

PARIS.

THE recent currency crisis and the German decision to float the mark over fierce French opposition have shaken the unity of the European Common Market. Pressure on the US will now increase for curbing its payments deficit which has been the root cause of the crisis, although it is unlikely to be remedied in the immediate future. And hence the French accusations that Bonn is playing the United States' game. But in the long term the arrangement demonstrates the absurdity of permitting American domestic politics to dictate European currency markets. Hence it is believed here that the recent events might ultimately speed the EEC's monetary union.

There will also be increased pressure for control of the 50-billion Euro-dollar market as it has now become clear that central banks are incapable to stem the hot-money flows. Experts expect flexibility in the uncontrolled Euro-dollar market but the EEC Governmental objections might over rule this. It is also feared that speculators might turn elsewhere now. For instance, Tokyo could be under increasing pressure to promote yen outflows in preference to a revaluation.

Sterling was basically unaffected during the crisis and it is likely that small

gains might accrue to Britain from Dutch, Austrian and Swiss revaluations and the floating of the German mark. This might postpone the sterling crisis widely anticipated during the next two years.

UNITED STATES

Uncle Sam couldn't care less

WASHINGTON.

WHETHER the Europeans like it or not, the US can afford to treat monetary crisis with some equanimity if not "benign neglect" since it is much less dependent on foreign trade than others. American exports at \$42 billion last year were way ahead of those of any other major exporting country, but they constituted only 4 per cent of the US GNP. Even if the export of services was added they would work out to 6.3 per cent. The US attitude, therefore, is to treat currency crisis of the kind that occurred last week as transitory flare-ups in the international monetary situation.

Nevertheless, if the US does not take steps to reduce its huge balance of payments deficit, there will be stronger reactions against the dollar in future. These could raise new barriers to the movement of capital and goods and thereby bring about a shrinkage of trade on which world prosperity depends. One suggestion to prevent this happening was the institution of some form of capital controls to dampen the flow of dollars to Europe. This, however, was rejected by Nixon Administration officials. Treasury Secretary, Mr John V. Connolly, asserted that no change in the present structure of exchange parities was necessary, but he said the US was prepared to raise additional funds in the "Euro-dollar" market through the issue of Treasury security and to assist with appropriate investment outlets for foreign central banks.

JAPAN

No revaluation, no floating, no speculation

TOKYO.

WITHIN hours of Bonn's decision to float the German mark, Tokyo announced that it was doing nothing of the sort and was holding firmly to the 360-yens-to-a-dollar parity. The Japanese Finance Minister, Mr Takeo Fukuda, said: "No revaluation, no floating and absolutely no speculation." Mr Fukuda also promised strict regulatory measures on the exchange market to curb speculation. Immediately the Government machinery went into action to reinforce Japan's solid wall of protection for yen.

Almost everyone in the Japanese Finance Ministry and the Bank of Japan recognises the possibility of international pressure mounting on the yen for an upward revaluation. And revaluing the yen would only mean costlier exports. For Japan, the removal of exchange control is also definitely out of the question. The only concession Tokyo is willing to give is to bring orderliness in

her exports and increase imports through selective liberalisation. Other measures proposed to reduce the Japanese foreign exchange reserves are stepping up foreign aid and liberalising overseas investment.

Japan has been quietly acquiring gold to reduce the dollar content of her foreign exchange reserves. How much she would be able to move away from the dollar to gold depends also on how effectively she could diversify her exports which provide a major portion of her GNP. The recent currency crisis, the floating of the German mark and the upward revaluation of some European currencies have increased the Japanese competitiveness in world exports. Japan is not willing to give up this advantage by revaluing the yen. This advantage, the Japanese Government wants to defend to all costs—a step in this direction was taken by cutting the Bank rate from 5.75 to 5.5 per cent on May 7. However, despite all these, the Japanese Government is aware of the inevitability of an upward revaluation of the yen at the most in about two years' time, if not now.

S. E. ASIA

A European headache

SINGAPORE.

THE latest currency crisis caused no more than a ripple in the South-East Asian region, partly due to repeated American assurances that the dollar would not be devalued and partly due to the relatively short duration of the emergency. In Singapore and Malaysia banks suspended dealing in the German mark on Thursday, May 6, but continued dealings in other currencies including the US dollar. Thailand suspended dealings in all European currencies but continued dealing in American dollar which remained firm throughout last week. The first sign of the monetary crisis was an increase in the price of gold in all the countries following price increases in the London market.

Expectations in Malaysia that prices of tin and rubber might benefit, if the crisis was left unresolved for a while, have been proved too optimistic because of the week-end agreement reached by EEC Finance Ministers to let the German mark float for a limited period. In Thailand, whose exports to European countries are paid off in American dollars, fears were expressed that a prolonged boycott of the dollar by the European banks might have an adverse effect on her exports. The Philippines also weathered the storm without any apparent ill-effects.

As a matter of fact unlike the 1969 dollar crisis which led to the revaluation of the mark, the present crisis was considered here as mainly a "European headache". But financial circles are clearly concerned about similar possible onslaught by currency speculators on the Japanese yen described as Asia's under-valued mark. Japanese authorities seem confident that their strict exchange controls can defeat any such move but any massive movement of speculative money towards Tokyo will leave a destructive trail in South-East Asian capitals. □

Bangla Desh and Pakistani-Soviet relations

By Dev Murarka

Moscow.

THE butchery indulged in by General Yahya Khan's armed hordes in East Bengal has had a traumatic effect on Soviet-Pakistani relations. It has removed any illusions which Moscow might have still entertained about Yahya Khan and his *bona fides*. The Russians already knew from experience that he could not be taken at his word. What they did not realise fully was his insatiable hunger for power which made him go to the length of a genocidal campaign against East Bengali nationalists. Till the last moment he kept Moscow lulled with the fairy-tale of his good intentions and earnest desire for a settlement of the political crisis in Pakistan on democratic lines. When the extent of his perfidy became known, Moscow did not take long to wake up to the fact that it had been once again taken for a ride by a Pakistani. It was even more concerned that the action of Yahya Khan threatened the whole basis on which Soviet policy in South Asia had been conducted since the Tashkent Declaration of January 1966.

It says something for the current state of Soviet-Pakistani relations that a cabinet rank special envoy of the West Pakistani President, Mr Arshad Hussain, was kept cooling his heels in Moscow for a week before he could be granted a fruitless meeting with the Soviet Prime Minister. Mr Arshad Hussain arrived in Moscow on April 19 and was received by Mr Kosygin only on April 26. As all the foreign dignitaries who have met Mr Kosygin have testified, he is a firm, grave but extremely courteous man. But from accounts of his meeting with Mr Arshad Hussain available here, even his patience was well-nigh exhausted by the record which the West Pakistani had brought with him to play. There were three movements to the sickening symphony he presented.

First the basic theme was stated—it was all the fault of India. The second subject in this expository part was also the leitmotif that India had exaggerated the tragic state of affairs in East Bengal. The second movement consisted of the dramatic theme that Yahya Khan had been very gentle in East Bengal and employed only the minimum force necessary. But for India even this might not have been necessary. The last movement begged for Soviet assistance to enable Pakistan to cope with the alleged damage done by India. There was also a special coda to this movement—some kind of plan which Yahya is supposed to have formulated to find a solution on a peaceful basis.

Mr Kosygin simply brushed aside the charge of Indian interference. He testily asked the West Pakistani envoy whether the presence of more than a half million refugees from East Bengal on the Indian soil was also the fault of India? He pointed out that only a great disaster could persuade people to leave their homes and seek shelter in another country. As for Indian exaggerations, he wanted to know if the Indian capacity to influence the world

press was so great that its accounts pointed to even worse conclusions than those emanating from India. Mr Arshad Hussain was speechless. As for the cheeky request for Soviet aid, Mr Kosygin firmly stated that his Government had repeatedly appealed to Yahya Khan for restraint, but these appeals had not brought any positive response. Under these circumstances the Soviet Union could not take unilateral decision about aid. It was an extremely dusty answer. The only point on which no information is available is the alleged plan sent by Yahya Khan. Naturally, Moscow would not like to spoil even a fractional chance of a settlement, but its reticence on this may also be due to its extreme scepticism. And if it is true that part of the plan by Yahya Khan implies direct Soviet help in solving the political crisis by negotiation, Moscow will be extremely chary of burning its fingers once again on account of a person who has proved to be extremely unreliable so far. Yahya Khan's request also implies a complete abdication of responsibility on a matter which Pakistani propaganda has tirelessly maintained to be an internal affair of Pakistan.

Indeed, even in Moscow the stink of Punjabi chauvinism, characteristic of West Pakistani politics, has been directly felt. Diplomatic circles have not failed to note that since the hostilities began between Bangla Desh and West Pakistan, the Pakistani Ambassador here is always accompanied by a Punjabi underling during important meetings. It so happens that the West Pakistani Ambassador to Moscow is a gentle, charming and highly intelligent Parsee. Therefore, the authorities in Islamabad no longer seem to completely trust him and find it necessary to have him flanked by a Punjabi colleague who can be no doubt wholeheartedly relied upon to advocate the Punjabi case and present the Punjabi apologia and keep a watch on him. For instance, Mr Jamsheed Marker, the Ambassador, was accompanied by Mr Bukhari, the Minister, when he met Mr Kosygin on April 12. Mr Bukhari also accompanied Mr Arshad Hussain and Mr Marker to the meeting with Mr Kosygin on April 26. Normally, when a cabinet minister meets the Prime Minister here, he is accompanied by the resident Ambassador only, plus perhaps a very junior member of the staff as secretary whose name is not included in the communique.

Soviet policy makers are, of course, not so much concerned about these national nuances of Pakistan's present behaviour. Their interest lies in the viability of the country and the policies it pursues. Thanks to the combined efforts of Yahya Khan and Zulfikar Ali Bhutto, Pakistan as we have known it is dead. In political terms it also signifies that for a long time to come it will remain an unstable, weak country. That this has coincided with the triumphant resurgence of India in terms of stability and political effectiveness means that Pakistan can be neither relied upon to counterbalance India, nor to free herself from the embrace of Peking. Thus the

long-term aim of Soviet policy, which is to prevail upon Pakistan to come to terms with India and strengthen the South Asian region as a bulwark against Chinese penetration, has been frustrated.

West Pakistan is now likely, more than ever, to be beholden to Peking which is already making war-like noises against India. Since the Soviet Union has no desire to compete at all in this anti-Indian game, the influence which Moscow can exert upon Islamabad can only diminish. Besides, Moscow is also convinced that Bangla Desh has come to stay. At present the assessment here is that at least a couple of years of a bloody and exhausting struggle lies in front of the freedom fighters of East Bengal. Being great realists, Soviet policy makers have been aware from the very beginning that the infinitely superior fire-power of Yahya's invading army and the comparatively disorganised and unprepared state of the freedom fighters held out little chance of immediate victory for Bangla Desh. But even their initial scepticism has given way to perhaps reluctant admiration for the tough spirit of resistance shown by the East Bengalis. It is obvious to Moscow that this spirit will transform itself into a fierce and prolonged guerilla warfare which will make it impossible for Islamabad to keep a hold over the major part of Bangla Desh, which will be ruinously expensive for West Pakistan and which will ultimately arouse public opinion in West Pakistan itself against the prolongation of the war and for acceptance of the inevitable—the independence of Bangla Desh. The only pity is that Bangla Desh had to become the Vietnam of South Asia before this could happen.

It is only fair to add that Moscow's conversion to the cause of Bangla Desh is fairly recent. Till not so long ago, the Soviet policy makers set great store by a United Pakistan and it was partly in pursuance of this aim that they allowed themselves to be fooled, first by Ayub Khan and then by Yahya Khan. But the election results in Pakistan were an eye-opener for them. They not only provided the most convincing proof of the utter loathing of the East Bengalis for their Punjabi masters and satraps, but also revealed the wave of chauvinism on which Bhutto was riding with his slogans of socialism, Maoism and Islam. Though a little suspicious of the simple nationalism of Sheikh Mujibur Rahman and even worried lest he should be too pro-American, gradually Moscow came to the conclusion that it would be better to win over the sympathies of East Bengal with its moderate and sensible approach to problems, especially its strong desire to live in peace and amity with India. The Russians were disturbed at the prospect of a volatile, bitterly anti-Indian Bhutto ruling over the destiny of Pakistan. Indeed, throughout the post-Ayub period of Pakistani politics, they had come to dislike Bhutto more and more and, according to their information, it is Bhutto, more than anybody else in Pakistan, who is responsible for the tragedy which has befallen that unfortunate land. But for Bhutto, a united, federal Pakistan might have still emerged peacefully under the leadership of Mujibur Rahman.

The significance of President Podgorny's passionate appeal to Yahya Khan



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to stop the bloodshed and repression is that it signals a change from the policy of blindly wooing Pakistan and making a belated but noble gesture towards Mujibur Rahman. Its bitter and blunt tone also reflected a slight sense of guilt since the Russians had been urging restraint upon Yahya Khan as well as upon Mujibur Rahman and had perhaps fallen into the trap of Yahya by conveying some of his false assurances to Mujibur. Therefore, Podgorny went out of his way to recognise Mujibur as the acknowledged leader of the East Bengali people.

Since then the Soviet press has maintained a very balanced approach. As Moscow does not want to burn all bridges with Islamabad, it has reported the official West Pakistani news about developments in Bangla Desh. But such reports have been almost invariably accompanied by other items casting grave doubts upon the veracity of these reports. If the Soviet press has not been sharper in its tone, it is so because partly it does not want to offend Islamabad too much and partly it can only

gradually inform its own public about the change which has taken place in Pakistan. It is noteworthy, however, that its tone is a consistent one of opposing the black deeds of Yahya Khan and of sympathy with the oppressed people of Bangla Desh.

There can be no question that once Bangla Desh is firmly established with a capital in its own territory, Moscow will be one of the first to recognise it. For the time being, however, the Russians will pursue a cautious course since it is not their habit to take political risks by recognising a government which has no control over its own territory and where Pakistan still has an effective military presence. Thus while diplomatic niceties are scrupulously observed the real Soviet attitude is evident from the repeated references to Bangla Desh in Soviet news items and their insistence that Mujibur Rahman and his followers represent Bangla Desh.

Moreover, there are larger issues involved in the problem of Bangla Desh. First and foremost, there is India. Moscow has a very understanding comprehension

of India's sympathies, anxieties and fears on this matter. While strictly technically Moscow accepts the West Pakistani contention that it is an internal matter for Pakistan, it simultaneously and openly contends that it is also a matter which affects the whole region and that India cannot remain indifferent to the situation. Moscow is more inclined to believe the Indian contention that the suppression of Bangla Desh involves a risk of greater Indo-Pakistani conflict than the Pakistani noise about alleged Indian interference. It follows that any policy line adopted by Moscow during the present Pakistani crisis has to take into account Indian susceptibilities and has also to keep before it the objective of minimising the risk of such a confrontation. It is in pursuit of these aims, for instance, that the Soviet Union has offered to evacuate Indian diplomats from Dacca in the hope that at least one ugly situation can be avoided. Whether Pakistan accepts this offer or not will show to what extent Islamabad still cares for good relations with Moscow. For this very reason Podgorny's appeal as well as the latest commentary in *Pravda* have drawn attention to the risk of a greater conflict with a view to warning Pakistan that it should not go over the brink. The fact is that the Russians now set much store by the stability in India than ever before, which has been heightened by the prospect of continued instability in Pakistan.

In this context, it must be said that Mrs Gandhi's stature has considerably gone up in Russian eyes since the Pakistani crisis began. Undoubtedly respect for her went up by leaps and bounds as the results of her magnificent election victory came pouring in. But her handling of the Pakistani crisis—resolute, principled and extremely moderate—has won particular admiration and a silent applause. It is felt here that but for her astute handling of the surging emotions unleashed in India by the unprecedented brutality of the occupation forces in Bangla Desh, things might have already got out of control. Moscow now appears to be relying upon her enhanced stature within India to ensure that New Delhi will be able to deal with Pakistani provocations in a cool way, without giving in to either blandishments of the Peking-Islamabad axis or the temptation of replying in kind to its baser tactics. Mrs Gandhi's moral stature has been revealed to the Russians in even sharper relief by comparison with the tuppenny-happenny gunman which Yahya has proved to be.

Moscow shares with India the analysis that the West Pakistani leaders may deliberately embark upon a conflict with India in order to divert attention at home from tensions on the political front, massacres in Bangla Desh and the bankruptcy of the economy which stares Islamabad in the face. The war cries of Mr Bhutto have only increased Soviet apprehensions. But much more serious in the Soviet eyes is the enigmatic posture of China. Soviet analysts have not agreed with those who have suggested that Chou En-lai's message to Yahya Khan was only anti-Indian in its content. On the contrary, in bitter verbal discussions between Soviet diplomats and Chinese officials in Peking, the Chinese have denounced Mujibur in no uncertain terms, accused the Soviet Union of forging India as the king-pin of resistance to China and used highly abusive

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tone to denounce Mrs Gandhi. The Chinese justified Yahya's butchery on the ground that it was essential to protect the territorial integrity of Pakistan and accused the Russians of being hostile to Pakistan. The Soviet diplomats denied all these charges and even asserted that they had nothing but goodwill towards Pakistan, but to no avail. The Chinese also told them that they will intervene in the case of any conflict between India and Pakistan in favour of Pakistan.

On the basis of this, the Russians have concluded that the risk of Chinese intervention cannot be lightly ruled out and if it takes place the conflict could become much larger. While they suspect that the Chinese may not go over the brink of verbal warfare, as during the last conflict between India and Pakistan, there cannot be any certainty about it. It is for this reason that a recent article in the weekly *New Times* spelled out the Soviet view of the Chinese role in South Asia. According to it, the major preoccupation of China has been and will remain encirclement of India. In the Soviet view, the Chinese interference in the internal politics of Pakistan is designed to maintain absolute political hold over Islamabad, relying upon her capacity to supply Pakistan with weapons and political stooges like Bhutto who share the Chinese obsession against India.

It is felt here, therefore, that an independent Bangla Desh, though weakening Pakistan, may also help to make West Pakistan useless for China's anti-Indian purposes. This is one more reason why the Soviet policy makers have come to favour an independent East Bengal, overriding their earlier view in favour of a united Pakistan at all costs.

It is obvious that such a sympathetic approach to Bangla Desh by Moscow will arouse Islamabad's antagonism towards the Soviet Union sooner or later. A closer link between Pakistan and China may be an immediate consequence. Another may be renewal of Pakistani-American ties. This is an equally serious matter for Moscow, with wider implications.

It has not escaped Moscow's attention that the British Government, as usual in all political situations on the Indian sub-continent since 1947, has adopted an utterly pro-West Pakistani attitude. Britain still has important links with Pakistan through two military pacts, the CENTO and the SEATO. By itself this may not mean much since London's capacity to help Pakistan materially is rather limited after all. However, if London acts in concert with Washington, it can make a lot of difference to the whole political equation in South Asia. After initial hesitation Washington seems to have come down in favour of steady and almost unqualified support for West Pakistan. This view can be supported not only by the repudiation of remarks made by the American Ambassador in India by the State Department in Washington, but also by the attendance of the Secretary of State, Mr William Rogers, at CENTO council meeting in Ankara very recently. It has been noted here that at this meeting the Pakistani representative made strident anti-Indian propaganda and neither the British nor the Americans even politely disagreed with it. Besides, according to Soviet commentators, Mr Rogers went to Ankara with the

specific purpose of reviving the CENTO military organisation.

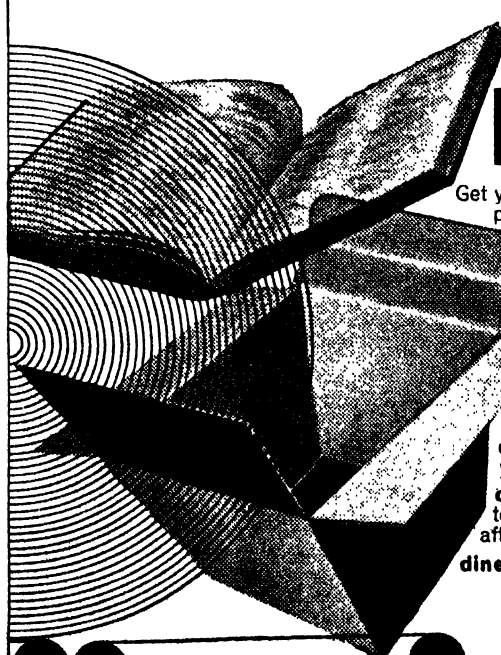
Now for some time Pakistan has sought to create the impression in Moscow that it had lost all interest in military pacts. But its renewal of contacts with SEATO at its recent meeting in London, although only through an observer, and its full participation in CENTO through an ambassador, suggests to the Russians that Islamabad is again inclined to be active in these pacts, particularly CENTO. This will commit Washington to the military regime in Islamabad once again and even American-British weapons could be supplied conveniently through CENTO to West Pakistan in large quantities, increasing the capacity of Yahya Khan to bring even greater repression to bear upon the Bangla Desh fighters.

It is assumed here that Peking will approve of such a course for Pakistan, partly because it no longer considers America to be opposed to its interests in the region and is trying for a rapprochement on its own with Washington. Partly, also,

because it will relieve China of part of the burden of financing a bankrupt Pakistan and keeping her supplied with a large quantity of weapons. Washington has evidently reached the conclusion that this way it can achieve several aims: one, of restricting Soviet influence in South Asia; two, keeping India pinned down through the simultaneous pressure of Pakistan and China; three, regaining its lost foothold in West Pakistan and last, to please Peking at the same time.

Obviously, Moscow cannot view with favour such a development. And if Pakistan shows more signs of joining reactivated military groupings dominated by the Western powers and aimed either against the Soviet Union or India, relations between Moscow and Islamabad are likely to worsen even more. But for the time being the Soviet Union will keep its options open and go on encouraging Yahya Khan to return to sanity. Even if this comes about it will take a long time for Soviet-Pakistani relations to return to normal. □

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BANGALORE.

WITH the emergence of a strong and stable Central Government, capable of enforcing its policies and programmes in a climate of self-confidence, it was appropriate that the two-day session of the All India Manufacturers Organisation thought it fit to adjust its sights and role and responsibilities in tune with the Government's declared objectives of removal of poverty and the creation of opportunities for large-scale employment. A pragmatic approach informed the deliberations of the 31st annual session which adopted three resolutions on the "role and responsibilities of business and industry today", the "new basis for industrial partnership", and "financing the industry—large and small". The President, Mr V. V. Giri, inaugurated the session.

The outgoing President, Mr S. M. Dahanukar, while lending his support to the Government measures for the economic upliftment of the masses, called for a fresh look at the Government's basic policies. The abolition of poverty was associated with the creation of wealth; and the expansion of employment opportunities centred on the acceleration of the pace of growth of the gross national product, which rested primarily on the productive utilisation of the existing resources and a savings-induced policy to maximise savings from current income. During the past 12 to 15 years, it seemed the country's resources had been misdirected into low output and low employment projects. Concerted efforts were called for to push up the GNP by raising agricultural and industrial production. He said that there had been no visible impact on those two spheres which were the real guides to prove if the economy had moved to a take-off stage.

Mr Dahanukar pointed to the limitations placed on large industrial houses. It was wrong to prevent both talent and the resourceful abilities from coming into play when the urgent need was to increase production and provide increased employment. It was essential that the policy was revised so that those who were willing to invest, take risks and add to production of wealth were given an opportunity and encouraged to contribute to national wealth.

However, the President, Mr V. V. Giri, was of the view that what we need today is the rapid growth of labour-intensive small-scale and cottage industries and thriving ancillary industries. Wealth should not be concentrated in a few hands. Referring to labour unrest, he suggested that a suitable machinery be evolved to ensure better industrial relations.

While pledging its full support to the Government in the achievement of the objectives of removal of poverty, the AIMO

wanted a review of the respective roles of the management, trade unions and the Government in the efficient utilisation of these resources and suggested that the Indian Labour Conference should evolve a charter of objectives so that all the agencies worked towards an agreed national goal. Such a new basis would pave the way for a better understanding among management, employees and the community and help in tackling the problem of industrial strife which in 1969-70 had led to a loss of 27 million man-days.

On the role and responsibilities of business and industry, the AIMO resolution said that business and industry could no longer function in isolation but only as an integral part of the total environment which was fast changing. Its true role and responsibility in that changed context would, therefore, be to anticipate, understand and respond to the needs and urges of the community at large. In this task, it expected the Government to make a positive contribution by streamlining its procedures and cutting down delays in decision-making, besides improving inter-ministerial co-ordination and reposing greater trust and confidence in business and industry.

Some of the key areas calling for attention of business and industry, the AIMO said, were to evolve greater understanding of the role of Government and to suggest such modification in policies and

measures deemed necessary; evolve special employment programmes for immediate and long-term needs; widen managerial base in the true sense by professional appointments both at the level of the board of directors and operating management; curtail drastically all forms of ostentatious living and expenditure; spearhead research and development activities; launch active programmes of consumer guidance; undertake programmes of cost reduction; and volunteer acceptance of social audit for evaluating the quality of management performance in a number of vital spheres.

On financing of industry, large and small, the AIMO resolution said, one of the major constraints was the non-availability of adequate short-term finance for working capital requirements to operate industrial units even at the existing levels. It expressed concern at the *ad hoc* manner of imposition of ceilings on commercial bank credit and freezing of credit facilities in an arbitrary manner. In regard to term finance, the conference said it was the most opportune time for the financial institutions to streamline their processing machinery to cut down delays. In respect of large projects, it asked for joint participation of various financial institutions while suggesting that the actual processing must be done by the leading financial institution. The resolution suggested that a time limit of three months should be specified for completion of underwriting and loan arrangements and that insistence on personal guarantees should be dispensed with in the case of economically viable projects and of competent professional management. □

BANKING

The not-too-busy season

BOMBAY.

BANK credit outpacing deposit accretion is a normal feature of banking operations in the busy season (November-April). In the period immediately following bank nationalisation this phenomenon showed a tendency to prevail all the year round. This had created fears that inflationary pressures in the economy would be accentuated. The operations of the banks in the busy season that has ended indicate that the trend has now been reversed. The aggregate deposits of banks went up by about Rs 420 crores, while credit expanded by Rs 413 crores only. This is in contrast to the 1969-70 busy season trend when the deposit rise was of the order of Rs 320 crores and credit expansion of Rs 563 crores. A comparison of the one-year period ended April shows that the deposit accretion was Rs 883 crores while bank credit went up by Rs 590 crores only. It is significant that at the end of the slack season the deposit accretion in the one-year ended October period

was higher by Rs 9 crores than the rise in bank credit.

The deposit accretion is no doubt high because of the massive branch expansion programme. The process has also been accelerated because of the Government spendings from out of created money by the Reserve Bank as indicated by the rise in the overdrafts of the State Governments. The component of food advances in the bank credit expansion was high. This meant that the credit expansion for other purposes was less. The industry was no doubt placed in difficult situation particularly when its borrowings did not come under the priority category.

The restraint in credit expansion has come as a result of the tight-fisted policy of the monetary authorities. The Bank rate was stepped up by one point to 6 per cent in January and refinancing was made costlier. The reliance of the banks on the lender of the last resort was considerably reduced. This is not merely in

terms of outstandings but also in terms of the rise during the busy season. The smaller rise can be attributed to the fact that the outstandings at the beginning of the busy season were considerably higher than a year ago.

The banks increased their borrowings from the RBI by Rs 80 crores only as against Rs 202 crores in the last year's busy season. Thus nearly 20 per cent of the bank credit expansion was financed by the banks from RBI funds as against 36 per cent in the earlier busy season. Disinvestments in Government securities in the busy season are normally resorted to by the banks to finance the needs of their borrowers. In this year's busy season, the banks, however, added to their investments in Government securities by about Rs 37 crores. In the last year's busy season these investments had come down by Rs 100 crores. The RBI's directive to the banks raising the liquidity ratio to 34 per cent had contributed to this process. □

STEEL

Large imports of spares and refractories

NEW DELHI.

THE Government has rightly decided that while large scale steel imports should continue this year in order to meet the requirements of priority industries, the import of spares and refractories in adequate quantities should also be allowed to improve the operational efficiency of the steel plants. The new Steel Secretary, Mr H. C. Sarin, said at the annual meeting of the Steel Tubes Division of the Indian Engineering Association the other day that Rs 19 crores had been set apart for this purpose—Rs 10 crores for spare parts and the balance for refractories. Steel is the pace-setter for industrial development and recognising this the Government established additional capacity which could take care of the country's needs to a large extent. But this has not happened as some of the steel plants have been operating much below their rated capacity.

According to the NCAER, an additional one million tonnes of steel will be available if utilisation of capacity can be stepped up from the present level of 64 per cent to 75 per cent. While labour unrest has been largely responsible for the poor performance of the steel industry in recent years, the failure to provide it with essential materials, spares and components in sufficient quantities and in time have also contributed to it. The import of spare parts and refractories, therefore, should help to remove a major operational bottleneck.

Steel output can be expected to increase during this year and if an additional production of one million tonnes can be got from the steel plants, India may be able to cut down her steel imports severely next year, particularly in view of

Strategy for development

MR S. M. Dahanukar, the outgoing President of the All India Manufacturers Association, says that not only a check in prices but also a reduction in prices is necessary. The problem of prices could be tackled in two ways. First, by encouraging full utilisation of production capacity and, secondly, by lowering the level of indirect taxation on all essential mass consumption goods. For a massive programme of industrial development, particularly in the small-scale sector, Mr Dahanukar suggests a rapid expansion of agro-industries; a small reduction in corporate tax; higher development rebate for providing housing to the employees; removal of restrictions placed on large industrial houses on their investments; simplification of procedure to expedite Government decisions and the facility for expansion of small units in order to achieve the level of efficiency.

Gas prices

The Gujarat Chamber of Commerce and Industry says that a thorough analysis of the cost structure of the Oil and Natural Gas Commission should be made, particularly in respect of its gas prices. The unilateral decision of the Commission to raise the price of gas in Gujarat by as much as 125 per cent is, according to the Chamber, "unfortunate". This is unjustifiable particularly in view of the fact that power rates in Gujarat are much higher than in many other States. The advantages that accrue to the coal-bearing States by way of low cost in fuel for power generation should also apply to Gujarat because of the availability of gas in the State.

Mineral movement

The Federation of Indian Mineral Industries says that despite repeated representations by the trade and industry there has been no improvement in the movement of various minerals, both for export and for the domestic steel and ferro-manganese plants. The mineral industry is helpless in the matter of fulfilling its export commitments as a result of inadequate railway wagon supplies. In the first three months of the current year—January to March—the movement of iron ore from the Bihar-Orissa region for export from Paradeep port was only 12.48 lakh tonnes as against the target of 18 lakh tonnes. As a result of wagon shortage there has been an accumulation of about nine lakh tonnes of iron ore at rail-heads, besides the huge dumps at mine-heads in the Bihar-Orissa region. The iron ore mines are facing the threat of imminent closure and resultant unemployment of labour.

Wagons for cement

Mr R. D. Shah, President of Cement Manufacturers Association, Bombay, says that the current shortage of wagons for lifting stocks is responsible for scarcity of cement in the market. While the industry is keen to

BUSINESS OPINION

serve its customers, the blocking up of railway wagons in the eastern zone, as a result of labour and law and order problems, severely hit the movement of cement from producing centres. During April, the industry carried a stock of about 15 lakh tonnes of cement and clinker which is nearly a month's production of the industry. Normally, the manufacturing units keep only a fortnight's stock and release the rest to the consumers. This was not possible last month owing to the shortage of wagons. Besides hampering the movement of cement, the wagon shortage is also causing an acute shortage of coal in cement plants.

Salt freights

The Bharat Chamber of Commerce, Calcutta, says that the salt imported from Tuticorin and the West Coast to Calcutta by sea would cost more as a result of the recent unilateral amendments to the existing salt Charter by the Indian Coastal Conference. The proposed amendments, according to the Chamber, would lead to an increase in the landing cost of salt at Calcutta port by as much as Rs 15 per tonne. The amendments which were designed mainly to reduce free time available to charterers for loading and unloading purposes would result in greater risk and liability of demurrage at enhanced rates.

Phonogram services

The Madras Provincial Foodgrains Merchants Association says that the Telegraph Department should reconsider its decision to discontinue with effect from May 1 the practice of sending confirmatory copy of the phonogram to the sender. The Association says that the confirmatory copy is essential as there is every risk of the text of phonograms being heard wrongly by phonogram operators and the sender could correct the possible mistakes in time only if he receives the confirmatory copies. The Telegraph Department has been increasing from time to time the cost of phonograms and it is only fair that the users should get proper services which includes a confirmatory copy.

Photo films

The East India Photographic Traders Association, Calcutta, says that photo film dealers are concerned over the cut in their profit margin on the sale of products manufactured by the public sector Hindustan Photo Films. The company has recently reduced the margin of profits from 33 per cent to 23 per cent on an average on the plea of rising production costs. According to the Association, this unilateral decision by the company would encourage other producers in the private sector also to follow suit.

what Mr Sarin disclosed about the steel shortage in the country. According to him, the shortage had been "exaggerated" by interested parties and speculators, and in substantiation he pointed to two developments. First, as against a shortage of 2.2 million tonnes estimated by the trade and industry, applications for licences for the import of only 80,000 to 90,000 tonnes had been received. Secondly, the prices of billets and other steel products in short supply fell by about Rs 400 per tonne as soon as it was known that the Government had decided to allow the import of these items. All this shows that the shortage has been accentuated by stocks going underground.

The President of the Steel Tubes Division, Mr H. Chakravarti, in his address complained that the 10 per cent earnest money deposit for steel indents was worse than the much-hated gold control order. While there is a case for bringing it down, it would not be prudent to do away with it as a deposit is necessary to ensure that the demands on the Joint Plant Committee are reasonable and legitimate. The time

for dispensing with it is only when steel availability improves and can be sustained largely through increased indigenous production.

However, Mr Chakravarti's suggestion that instead of skelp, steel items like ingots and billets which are processed into skelp should be imported is sensible. It will result in considerable saving of foreign exchange. Similarly his proposal that special steels except stainless steel should be brought under OGL only for industrial customers and not the trade deserves consideration. This would obviate irksome delays in getting matching steel which, though needed only in small quantities, makes all the difference in the manufacture of the final product. In the interest of steel production on which hinges rapid industrial development the Government would do well to depart, in special circumstances, from its policy of progressive canalisation of imports through State agencies. □

TRACTORS

World Bank loan for Tamil Nadu

MADRAS.

THE visit of the Chairman of the Tamil Nadu Land Development Bank to the US to arrange for the import of 3,500 tractors with the help promised by the World Bank is evidence of the importance that the Tamil Nadu Government attaches to mechanisation of agriculture. The current expectation is that 35 to 50 hp tractors will be made available under the aid programme. It is believed that the tractors can be easily sold by the Land Development Bank which in recent years has financed the purchase of tractors and the construction of wells for irrigation.

According to the Secretary of the Bank, loans totalling Rs 2 crores were disbursed during the last financial year. Thus the State Government has been making available, on an increasing scale, long-term credit for productive purposes. An important feature of the Bank's operations is that, it has been giving consistently more assistance to small farmers owning 3 to 10 acres which are suited for intensive, personal cultivation. The development of well irrigation in the dry regions of Tamil Nadu is largely the result of the Bank's policy of lending to eligible borrowers. The Bank, in recent years, has also helped small planters; not only tea, but coffee-growers have benefited by the loans given by it.

The Land Development Bank operations are financed with the help of the accumulations in the sinking fund maintained for redemption of its debentures. The debentures have thus gone up in the investors' esteem, though the total outstanding debt may seem large in relation to the issued capital and the reserves of this State-aided institution. The Bank has provided large sums of money for the sinking and deepening of wells and purchases of pumpsets to enable farmers to raise two or three crops a year. The loans for land reclamation schemes, however, are comparatively small. The increase in food production in the State leading to relaxation of controls is due to the help provided by the Bank for increasing irrigation facilities.

So far as the distribution of the advances made by the Bank is concerned, backward districts like Dharmapuri have been getting less than Coimbatore where irrigation has already contributed to efficient farming. In regard to loans given for the purchase of tractors, Dharmapuri is a long way behind Tanjore and South Arcot, which have been selected for further agricultural development. While the Bank is now an agency for promoting intensive modern farming and not merely an institution for giving loans against mortgaged lands, it has been explained by the Chairman that agricultural improvement in recent years covers backward areas like Pudukottai. He is optimistic about the ability of the Bank to serve as an instrument of growth. The increase in the loans distributed by the Bank to small farmers has been brought about to a large extent by the simplification of lending procedures. The Bank, by virtue of its record, qualifies for regular assistance from the Agricultural Finance Corporation. □

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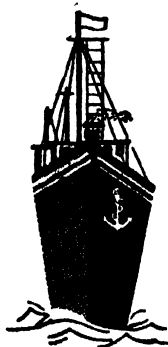
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CENSUS 1971: STATE-WISE DATA—I

Maharashtra

By Commerce Research Bureau

WITH a population of 503 lakhs (provisional) as on April 1, 1971, Maharashtra continues to occupy the third place among the States of the Indian Union, after Uttar Pradesh (883 lakhs) and Bihar (564 lakhs). In terms of population, Maharashtra is almost as big as France or Mexico. During the decade 1961-71, the population of the State has gone up by 108 lakhs or by 27.2 per cent, which is higher than the overall rise of 24.6 per cent for the country. As regards the density of population, Maharashtra has 163 persons per sq km as against the all-India average of 182.

In education Maharashtra State has made commendable efforts and increased its literacy rate from 30 per cent in 1961 to 39 per cent in 1971. In terms of literacy rates, it ranks third among the States following Kerala and Tamil Nadu.

Expectedly, Greater Bombay is the most populous district of the State followed by Poona and Nasik. Wardha is the smallest district in terms of population. The decennial growth of population in Greater Bombay district is the highest at 43 per cent, the next being Thana district with 38 per cent. This is largely due to the greater influx of people into these districts. If we leave aside Greater Bombay district (with the density of population of 9,837 per sq km) as a special case, Kolhapur with 253 per sq km has the highest population density. It is followed by Thana (238 per sq km). On the other hand, Chandrapur, with forests and tribal areas, is the most thinly populated district (64 per sq km).

Females are fewer than males in all the districts with the exception of Kolaba, Ratnagiri and Satara. The preponderance of females in these districts is largely the result of substantial migration of the male population in search of livelihood. A large part of the labour force in Bombay comes from Kolaba and Ratnagiri districts. On account of the influx of more males than females, the sex ratio is the lowest in the case of Greater Bombay.

In the State now, there are 17 cities with a population of more than one lakh each. During the decade 1961-71, five new urban centres—Dhulia, Jalgaon, Sangli, Aurangabad and Nanded—have emerged with a population of one lakh each. These 17 cities account for one-fifth of the total

population of the State. Out of these, Greater Bombay and Poona urban agglomeration occupy second and ninth places respectively among the nine largest cities of India. Greater Bombay accounts for 12 per cent of the population of Maharashtra. During the past decade, more or less all the districts have made progress in respect of extension of literacy. The faster growth of literacy is significantly evident in the relatively backward districts such as

Osmanabad, Aurangabad, Chandrapur, Parbhani, Bhil and Nanded. These districts still trail far behind the average level of literacy for the State as a whole. The highest percentage of literacy is found in Greater Bombay (64) and the lowest in Nanded district (22). It may be noted that Greater Bombay has the distinction of being the most educated metropolitan city of the country. (See summary tables on page 926.)

PARI ATMARAM MANEKLAL

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BRANCHES :
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OTHER CONCERNS :

Shree Manavadar Cotton Pressing Factory, Manavadar
M/s. N. Jayantilal, 3A, Dev Ashish, Bombay-26
Shri Ama & Co., Shahibaug, Ahmedabad-3

COMPANY MEETING:



TUBE INVESTMENTS OF INDIA LIMITED, MADRAS

Chairman's Statement

EXTRACTS from the Statement of Sir A. Ramaswami Mudaliar, KCSI, DCL (Oxon), Chairman, Tube Investments of India Limited, circulated to the Shareholders in connection with the 22nd Annual General Meeting of the Company held at the Registered Office at "TIAM HOUSE", 11/12, North Beach Road, Madras-1, on Friday, 7th May, 1971.

General Conditions

As is well known to you, an air of violence permeated throughout our country with some areas disturbed more than others. This heightened the feeling of political instability. Economic growth was the first casualty. Inflation, in consequence, got a shot in the arm: raw material prices and those of industrial products being badly affected. Fortunately, with agricultural production the highest so far, prices of most of the food items remained unaffected by inflation. Steps to contain inflation, I am sorry to say, neither followed a planned approach nor were pursued with determination.

If increase in the bank rate was effected to make money more costly and restrictions on borrowings placed to decrease the total availability of money, these being conventional measures to halt inflation, it becomes difficult to understand how wage increases, unrelated to productivity, on generous scales both in the industrial and non-industrial sectors could fit into this economic scheme of things. It appears to me that the old fashioned method of combating inflation, namely, with increased production of goods and services to satisfy fully demands may still be the best solution, and we would do well to direct the Nation's resources towards this end. It must then be obvious that our policies on credit availability, on licensing, on installing of new Units and the expansion of existing ones must have the broad objective of increasing production because in the ultimate analysis the foundations of prosperity and of a strong society can only be through plentifulness of supply of goods to banish wants; distribution of abundance alone is meaningful and satisfying.

Fortunately, and this bodes well for the future, the emergence recently of a stable government at the Centre should remove all political uncertainty which was responsible for economic stagnation. We are now in a position to forge ahead. In this situation, non-availability of credit to productive Units, and delays in the clearance of desirable projects that call for implementation, have no place. We should show a realism in our plans and policies and urgency in action which are the needs of the moment. I have every hope that as time unfolds the future, it will bear out that we did not miss the opportunities for growth presented today. I now turn to the affairs of the Company in the period under review.

Company's Operations

The 17 months' period for which accounts are presented, I realise, makes difficult comparison with the previous financial year. Throughout in my statement, therefore, wherever I have attempted assessment of current performance in relation to that of the last financial year, I have taken for measure the proportion of the figures that represent a 12 months' period only, to

give you a full appreciation of the stewardship of the Company during these 17 months.

Income and Profits

The sales and other income of the Company were higher by 15 per cent over that of last year while profits before tax rose by 24 per cent, despite substantial increases in the costs of materials used. The increase in profits was due, in large measure, to the taking on of outside work on a sub-contract basis to utilise the existing facilities rendered idle through lack of steel and other raw materials and also because of realisation of higher prices for steel scrap. A better application of resources in all the Units including the Subsidiaries has also made some contribution to improved profitability. In the case of the bicycle Unit, however, the rising costs could not be neutralised and this has adversely affected the results of this Unit. I have detailed elsewhere the case for a price increase on cycles to make for a fair return on the investments in this Unit as well.

Dividends

The Directors have recommended a final dividend of Rs 8 per share, which together with the interim dividend of Rs 7 paid already makes a total payment of Rs 15 per share for the period as against fractionally over Rs 14 per share if the dividend had been maintained at the last year's level. In making this recommendation of a modest increase, the Directors took into consideration the ruling conditions in the money market and felt it would be in the interests of the Company to retain in reserve funds.

TI Cycles of India

I must now refer to the difficulties experienced by the Cycle Industry, as a whole. The Government increased the basic price of steel effective 1st January, 1970 which put up by a considerable extent the prices of all steel items, some of these being higher than the basic price increase warranted. Cycle being essentially a steel product was directly affected. Around this time, the nickel prices shot up in the world markets. Both steel and nickel, as the prices rose, also became scarce on the market. Labour costs have been perennially going up, particularly in those cases, as ours, where dearness allowance is linked to the index of cost of living. All these increases put up the costs of manufacture of a cycle to an enormous extent and the Industry as a whole sought the Government of India's permission to put up the selling price of a cycle by a modest amount of Rs 16 per cycle even though the increase in the cost of manufacture was much higher. You may be aware that the Industry voluntarily accepted some years back not to put up prices of cycles unilaterally. After considerable negotiation, study of all documents that proved the Industry's case for a selling price increase of Rs 16 per cycle, and after a lapse of 5 months in this process of study and nego-

tiation, the Government allowed an increase of Rs 9.50 per cycle from 1st June, 1970. I am sorry to say that not only this relief so urgently sought by the industry was slow in coming but also when it came, it has been wholly inadequate. We sometimes fail to see the cardinal and obvious fact that if an investment made does not get a reasonable return and in the case of Cycle industry, there is virtually no return, investment either gets diverted or withdrawn. This is a commonly experienced economic phenomenon. When that happens, it brings in its train shortage of the commodity, abnormal prices thereafter and unemployment of both skilled and unskilled labour force. Ensuring, therefore, that any industry earns a fair return on its investment is, I submit, not only a natural obligation of the investors, but even more of the Government who have the duty to see that economic conditions are not impaired. I feel sure that it is not the intention or wish of the Government of India that the Cycle Industry in our country important as it is, for the well-being of the employees and the public should become economically strangled in this way due to reluctance to or delay in according legitimate price increases, clearly therefore the present investment must earn satisfactory return in order to provide for technological development and necessary replacements.

While on the subject of the Cycle Industry, I may mention that the industry earns more than Rs 4 crores a year by way of export earnings. If this industry, therefore, which serves the common man's interests in India, cycle being the commonest form of transport, is not helped to operate profitably, its contribution to export earnings of the country is bound to be affected adversely.

Your Company not only maintained but even increased its exports during the year but unless margins available on domestic sales improve the volume of exports, naturally, is bound to fall in future. The Company has already taken some steps and contemplates taking further measures, including an approach to the Government for a further price increase in the selling price of cycles, all with a view to place the cycle Unit in a healthy situation. I sincerely trust that these efforts will bring about the desired result.

The Wright Saddles of India

There was a drop of about 10 per cent in the production of saddles largely because of shortage of certain essential items, mostly of steel. The demand for our saddles continues to be satisfactory.

Tube Products of India

Both production and sale of tubes were much higher than in the last financial year and could have been further improved if only steel had been supplied to the extent of official allocations made to us. In fact, we had to shut down the plant twice for want of steel and even during the remaining period, we could not use the plant to full capacity.

You may recall that in my statement last year, I mentioned that a beginning had been made in the export of tubes. These efforts were pursued vigorously during the period and we were able to effect a sizable increase in our exports during the period under review, compared to the last financial year.

The expansion work of CDW tube manufacture is now complete and subject to steel being available to the required extent, we should be able to report better figures next year.

Cold Roll Mill

The production of Cold Roll Mill was slightly over that of last year. While we could have increased the output to a greater extent we were held back from so doing primarily due to the steel shortage. The Mills had to be closed down frequently and worked only partially for some of the time. We also encountered some difficulties with the work rolls performing poorly. In this, as usual, Tube Investments Ltd, UK, came to our rescue readily with their expertise in solving the deficient performance of work rolls. They deputed a highly qualified senior scientist from their Research Laboratories in the UK whose findings and advice have been of considerable benefit.

There is good demand for the Company's products and subject to steel position being satisfactory, I should be able to report higher output next year.

TI Metal Sections

I am happy to report that despite a difficult material position, the outturn of Metal Sections showed a 40 per cent increase over the last year, with the result that for the first time the investment in this Unit started giving fair returns. This trend is likely to progress further in the ensuing year.

SUBSIDIARY COMPANIES

TI Diamond Chain Limited

Both production and sale of industrial and cycle chains were significantly higher than in the last year. The exports were also higher indicative of acceptance of the Company's products not only in the domestic market but also internationally.

As already stated in my statement last year, we are still awaiting an import licence for bringing in certain balancing equipment for which applications had been lodged in early 1969. We anticipated then that the cost of the project including buildings would be around Rs 44 lakhs. Since then, there was a revaluation of the German currency and price increase within the country and these put up the costs of both machines and needed materials, with the result that the scheme is expected now to cost about Rs 66 lakhs instead of Rs 44 lakhs, provided of course, the import licences are received in reasonable time. We may have to make a 'Rights' issue of shares to augment the finances needed to implement the project.

TI Miller Limited

The Company has improved the sale of cycle lamps compared with the last year but not to the extent of the target set. The scooter lamp sales showed a decline. There is however, a fair prospect of scooter lamp sales picking up this year. The total value of sales, as can be seen, is higher than last year but profit before tax remains almost at the same level as the last year because of increased cost of materials.

Prospects for the Future

The Company has made so far significant progress as can be seen from the following table of earnings per equity share

of the Company after taking into account the earnings on the investment of the Company in the Subsidiaries:

Earnings per each Equity Share of Tube Investments of India Limited—(before tax):

1968—Rs 12; 1969—Rs 26; 1970—Rs 33.

The shareholders may be interested to know that the value of each equity share of the Company measured by the tangible assets of the Company and after taking into account the proportion of tangible assets of the Subsidiaries representing the Company's investment in these Subsidiaries, works out to—

Asset value of each Equity Share of Tube Investments of India Limited:

1968—Rs 155; 1969—Rs 161; 1970—Rs 172.

We expect, barring unforeseen circumstances, to maintain the progress in the year ahead. A certain amount of rationalisation in production, and methods of production, organisational changes and revision of systems have brought about greater effectiveness in the use of resources. The results, so far achieved encourage pursuance of these efforts with greater vigour.

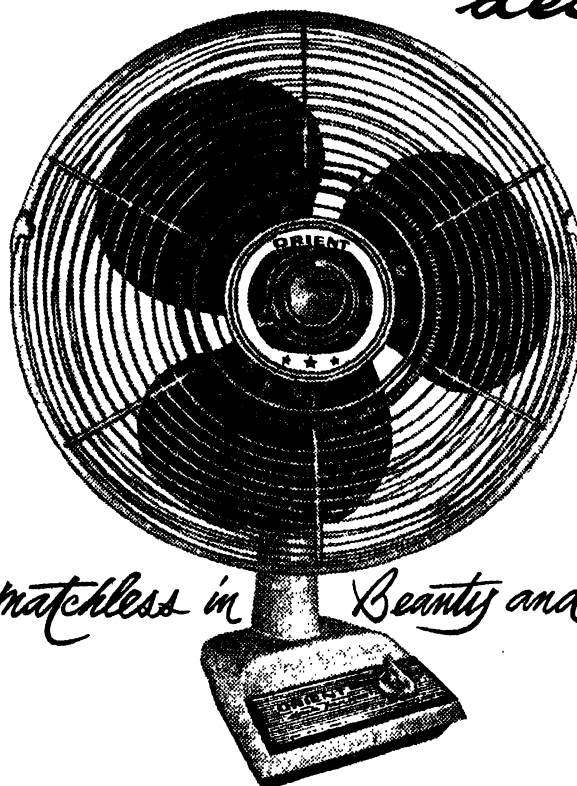
Offer of Shares

I am happy to report that an opportunity may soon be available to the shareholders of the Company to acquire a few shares of the Company at a concessional price compared with the market prices of these shares today. In terms of an understanding with the Government of India in 1959, the Tube Investments Limited, UK, who hold 60 per cent of the equity shares of the Company will sell 25,000 shares this year and 3,125 shares next year to bring their holding down to 52.5 per cent in the Company's equity capital. They have proposed to the Government and the Government have approved offering the 25,000 shares to the existing shareholders of the Company, excluding themselves (Tube Investments Limited, UK) in the proportion of 1 share for every 6 (six) shares held excluding fractional entitlements of less than half a share, on this basis. This sale would be at a concessional price. The exact price is still to be approved by the Government. As soon as the price is approved by the Government, the Agent nominated by Tube Investments Limited, UK, will communicate to you the exact details of the scheme and the terms governing the offer.

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REVIEWS

Limited study of railway traction

Economics of Diesel and Electric Traction: National Council of Applied Economic Research, New Delhi; Pages 115; Price Rs 16.

This is an empirical study of comparative economics of diesel and electric traction of railways based on micro studies of just three sections, namely, Durgapur-Mughalsarai, Ratlam-Baroda and Durg-Bhusaval. Whether such a small sample—and not even necessarily a representative cross-section of the vast stretch of Indian railways—should form the basis of an overall judgment on relative economics of different systems of traction remains questionable, more so because it does not take due care of national endowments; an improved version of steam traction is not even considered for comparing costs.

Summarising factors in favour of electrification and dieselisation, the study states that "electrification should always be favoured, if performance of the system is alone to be preferred. The superiority of the electric locomotive as far as traction performance is concerned is unquestioned. Roughly a superiority ratio of two is accepted; in other words, for equal locomotive weights an electric locomotive can have a load twice as heavy as a diesel loco does or else for equal loads, the electric loco runs twice as fast. This factor becomes important when high speeds and/or heavy loads are desired or where the railways have steep gradients. Second, electric traction ensures efficient use of energy. Losses are negligible. Finally, investments in loco stock and maintenance costs are lower compared to diesel traction.

"The important factor in favour of dieselisation is that the fixed installation costs are negligible. In a capital short economy, this can be a very important consideration. Further, the switchover to diesel traction can be done at a very short notice..." (page 51).

Perhaps, the writers of the study did not have the benefit of technical advice in depth. Otherwise they would have known about the latest innovation made by the celebrated railway engineer, Mr M. M. Suri, through which a 2,500 hp diesel loco gets its power boosted to 6,000 hp with an addition of a turbine of 3,500 hp. This turbo-diesel loco with 6,000 hp has almost a similar weight as two 3,000 hp electric locos. This should indicate that power-to-weight ratios in electric and diesel locos at least at higher horse powers can be similar and one need not claim superiority over the other.

The real argument against too much dieselisation is that while most of the electrical energy generation does not require much foreign exchange, a large part of the crude, from which diesel oil is extracted, is imported. Thus, in the long run, a large programme of dieselisation is likely to fail because a larger outlay of foreign exchange would be needed from year to year for importing crude oil. On the other hand, some technical experiments being conduct-

ed in Switzerland and Austria have indicated that energy utilisation in steam engines can be improved by 30 per cent of the existing ratios (thermal to mechanical power), which, if actually attained, would make steam locos again economic. This possibility has not been considered in this study either.

This is not to suggest that the present study is to be discarded. The point to remember is that this type of study should not only take economics and finance into consideration—in the perspective of our national endowments—but also technical developments that have already taken place and innovations which are being attempted. The science of technological forecasting is being made more rigorous every year. A little reference to this science by market researchers could be quite beneficial.

Again, there is undue emphasis on past performance in the projection of traffic densities. In an economy, where structural changes keep on taking place at a high speed, the dynamics of change needs to be studied in greater depth. In this dynamics, human endeavour, environmental changes, (for instance, many industries are shifting from Calcutta not so much owing to political reasons but because of deterioration in total environment) and several other factors need to be taken into account. No rule of thumb or simple algebraic projection can be valid. The present study suffers from this disability as well.

In sum, the study has only limited merits and its conclusions cannot be used for arriving at policy decisions as such, unless other relevant data, as indicated above, are also considered. These data are not given in this volume.

O. P. Arya

Public sector at a glance

A Handbook of Information on Public Enterprises 1970: Bureau of Public Enterprises, The Manager of Publications, Delhi; Pages 273; Price not mentioned.

The volume of literature on the public sector in India is by now vast indeed. Most of these documents are generally published in fulfilment of some statutory responsibility. But the multitude of documents itself makes it extremely difficult to get a particular type of data on public sector enterprises whenever one wants these for quick reference. Good reference works are rather rare because the official agencies are not expected to produce these in terms of their official responsibilities. If, nevertheless, the handbook under review has been prepared and released to the public, the credit goes entirely to a few enthusiastic officials in the Bureau of Public Enterprises, who appear to have taken up almost on their own the important task of producing a fairly comprehensive reference volume. The first edition of this

volume was issued about a year ago. This second edition, however, marks a great advance over the first one. A lot more information has been added. One gets between the two covers of this handbook a mass of statistical and other information for which otherwise one would have to hunt through scores of publications—and even that may be without success.

Part I of the handbook is devoted to statistics under the following heads: Investment, production, financial working, contribution to the exchequer and miscellaneous data. Part II is devoted to various policy decisions which govern the general management, financial management, production and materials management and construction management of the public sector enterprises. Parts III and IV cover recent developments in various individual units. Part V gives the names and addresses of government enterprises. All told, it is an excellent handbook. Let us hope that each new edition would be more comprehensive than the previous one.

Finally a suggestion for further improving the handbook. While this handbook covers the Central Government non-departmental enterprises in a fair degree of detail, two other major segments of the public sector remain yet to be covered, namely, departmental enterprises of the Central Government and all enterprises of the State governments. It is, of course, somewhat difficult to collect data for these two types of enterprises. One may hope, however, that the enterprising officials of the Bureau of Public Enterprises will make efforts in this direction also and fill up a long-felt lacuna.

Narottam Shah

IN BRIEF

Practical Business Planning—A Manager's Guide: Charles E. St. Thomas; D. B. Taraporevala Sons & Co Private Ltd, 210, Dr Dadabhai Naoroji Road, Bombay-1; Pages 141; Price Rs 6.

Brought out in co-operation with American Management Association of New York, the book analyses the application of planning as a managerial tool for directing the collective efforts on a targeted and meaningful activity. Most of the Western books on management are written in the context of business environments prevalent in those countries. In India, therefore, an intelligent reader has not only to understand the import of the theories enunciated and applications analysed, but also grasp the thinking underlying and leading to those applications, so that he can superimpose them on parameters suited to Indian conditions, while practising them in his duties.

BOOKS RECEIVED

Some Aspects of the Finances of the Gujarat Government: Mahesh Bhatt and C. H. Thaker; Gujarat University, Ahmedabad 9; Pages 17; Price 75 paise.

Some Aspects of Co-operative Housing Societies in Ahmedabad City: Mahesh Bhatt and V. K. Chawda; Gujarat University, Ahmedabad 9; Pages 66; Price Rs 2.50.

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THE BANK OF RAJASTHAN LIMITED

Registered Office:—Clock Tower, Udaipur

Central Office:—Johari Bazar, Jaipur

Directors' Report for the year ended 31st December, 1970

The Directors have pleasure in submitting to the shareholders, the Balance Sheet and Profit and Loss Account for the year ended on 31st December 1970 together with the Auditors' Report.

Capital and Reserves: The paid-up Capital and Reserves of the Bank aggregate Rs. 48,06,980 as on the close of business on 31st December 1970. Out of the profit for the year 1970, a sum of Rs. 1,67,000 has been transferred to Reserve Fund under Section 17 of the Banking Regulation Act, 1949 and Rs. 70,000 to Other Reserves, raising the total Reserves of the Bank from Rs. 20,59,980 to Rs. 22,04,980. The total Reserves thus exceed the paid-up capital of the Bank by more than Rs. 3 lacs.

Working Funds: The working funds of the Bank have risen to Rs. 21,87,40,693.40 which are more by Rs. 8,45,42,864.11 as compared to the figure of the last year.

Deposits: The deposits of the Bank have increased during the year by 19.47 per cent and now stand at Rs. 19,80,49,502.28. The total number of deposit accounts have also increased from 1,04,027 to 1,18,798 during the year under review.

Liquidity: The liquid assets of the Bank (Cash in hand, Balances with Banks, Money at Call and Short Notice and Investments) as on 31st December, 1970 were 48.7 per cent of the Bank's total liabilities as compared to 29.86 per cent of the Scheduled Banks in India.

Investment: The investments of the Bank amount to Rs. 5,02,55,583.77 of which 98.5 per cent was invested in Government and other trustee securities. 72.28 per cent of our investments mature within the next ten years.

Advances: The total Advances including Bills Purchased and Discounted as on 31st December 1970 stood at Rs. 11,54,41,604.34 which were 58.86 per cent of our total deposits. The Bank is continuing to make advances for promotion of Agriculture and Small Scale Industries. The limits sanctioned and in force for advances to Agriculture and Small Scale Industries amounted to Rs. 57,05,000 and Rs. 3,10,17,000 respectively and the actual utilisation was Rs. 33,36,000 and Rs. 68,71,000 respectively as on 31st December, 1970.

Branches: During the year under review, we opened three branches at Bombay (Fort), Bhindar (Udaipur District) and Sawaimadhopur (Sawaimadhopur District), raising the total number of branches to 70. We are shortly opening our branches at Rikhabdeo, Delwara, Garbar, and Udaipur University Campus in Udaipur District, Bans in Chittorgarh District and Singhana in Jhunjhunu District. Besides the above, we propose to open a few more branches during the current year.

Profit and its Appropriations: The net profit of the Bank for the year under review was Rs. 4,85,438.57 as against Rs. 7,99,646.88. After adding thereto, a sum of Rs. 27,647.48 brought forward from the previous year, a sum of Rs. 8,60,081.05 is available for appropriation.

After making the following appropriations:—

	Rs.	P.
To Reserve Fund under Section 17 of the Banking Regulation Act, 1949	1,67,000.00	
To General Reserve Fund	70,000.00	
To Bonus to Staff	8,75,000.00	
The Directors now recommend to declare a dividend at 11 per cent per annum which will absorb a sum of	2,20,000.00	
Leaving a balance to be carried forward	28,081.05	

Management: Major Daulat Singhji, the first full-time Chairman and Chief Executive Officer of the Bank resigned and was relieved from the services of the Bank with effect from 18th July, 1970 and Shri S. D. Mehra, retired Secretary and Treasurer, State Bank of India, Hyderabad Circle, was appointed as full-time Chairman and Chief Executive Officer with effect from 18th July, 1970. The Bank places on record, the appreciation of the meritorious services rendered by Major Daulat Singhji as full-time Chairman and Chief Executive Officer.

Directors: Under Article 104 of the Articles of Association of the Bank, Shri S. D. Mehra was co-opted by the Board of Directors as a Director on the Board with effect from 28th May, 1970 and was appointed as full-time Chairman and Chief Executive Officer from 18th July, 1970. Major Daulat Singhji resigned from the post of Chairman and Chief Executive Officer and was relieved on 18th July, 1970. In view of his vast administrative experience and his interest in the field of Agriculture, the Board of Directors, appointed him as an Additional Director on 8th August, 1970, under Article No. 104 of the Articles of Association of the Bank. He will continue to hold the Director's Office upto the date of the Annual General Meeting of the Company proposed to be held on 8th May, 1971. Proposal for his election as a Director has been received and you are requested to elect him as a Director on the Board of Directors of the Bank.

In accordance with Article No. 119 of the Articles of Association of the Bank, Shree Harnath Kothari retires from the Board of Directors by rotation and being eligible, offers himself for re-election.

Appointment of Auditors: The shareholders are requested to appoint Auditors for the current year and to fix their remuneration. Under Section 20 (1A) of the Banking Regulation Act, 1949, every Banking Company is required to obtain the previous approval of the Reserve Bank of India for appointing the auditors. Ordinarily the retiring auditors would have been proposed for reappointment as Statutory auditors for the next year but a change appears necessary, because in the opinion of the Reserve Bank of India, it is not desirable that the same auditors associated with a bank continuously for an unduly long period of time and they have advised that Bank should take immediate steps for their rotation.

The Directors have, therefore, decided to recommend the appointment of Messrs. J. K. Singhal & Co., as auditors after the conclusion of the ensuing Annual General Meeting to be held on 8th May, 1971 till the conclusion of the next Annual General Meeting in 1972 and accordingly an application is being made to the Reserve Bank of India seeking its approval to their appointment as auditors. You are requested to kindly approve the appointment of Messrs. J. K. Singhal & Co. as auditors for the next year.

The Directors are thankful to the shareholders, Government of Rajasthan and the customers of the Bank for their continued patronage. They also thank the Officers and the Staff of the Bank and place on record their appreciation of the services rendered by them.

By Order of the Board,
S. D. MEHRA,
Chairman.

JAIPUR,
Dated 26th March, 1971.

BALANCE SHEET AS AT 31st DECEMBER, 1970

1969		1970		1969		1970	
Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
CAPITAL AND LIABILITIES				PROPERTY AND ASSETS			
1. Capital:				1. Cash:			
20,00,000.00		20,00,000.00		1,18,16,362.78		86,54,478.78	
20,00,000.00		20,00,000.00		80,19,016.01		1,57,20,489.94	
20,00,000.00		20,00,000.00		NI		NI	
20,00,000.00		20,00,000.00		80,19,016.01		1,57,20,489.94	
20,00,000.00		20,00,000.00		2,52,30,000.00		2,30,85,000.00	
2. Reserve Fund and Other Reserves:				2. Balances with Other Banks on Current Account:			
15,17,000.00		16,84,000.00		4,41,79,479.86		4,95,25,921.27	
6,38,000.00		6,08,000.00		NI		NI	
10,436.00		10,480.00		10,000.00		10,000.00	
4,550.00		4,560.00		2,00,000.00		2,00,000.00	
20,00,000.00		20,00,000.00		4,19,612.50		4,19,612.50	
3. Deposits and Other Accounts:				3. Money at Call and Short Notice			
6,70,80,776.63		9,00,65,351.07		50,000.00		50,000.00	
4,08,91,641.88		4,71,53,833.56		50,000.00		50,000.00	
3,68,68,665.48		4,94,65,205.07		NI		NI	
3,43,651.92		3,65,112.58		4,49,09,092.86		5,02,55,583.77	
(Deposited with this Bank itself being a Scheduled Bank)				NOTE: Reserve Bank of India has a lien on securities of the face value of Rs. 3 lacs on account of guarantees given on behalf of constituents.			
16,40,84,725.41		19,00,40,502.28		5. Advances:			
4. Borrowings from Other Banking Companies, Agents, etc.:				(Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)			
6,08,019.18		4,07,686.42		(1) Loans, Cash Credits, Overdrafts, etc.—			
NI		NI		(i) In India			
6,08,019.18		4,07,686.42		(ii) Outside India			
6,08,019.18		4,07,686.42		7,22,34,063.48			
55,89,151.19		75,82,864.09		NI			
5. Bills Payable				4,81,82,969.71			
6. Bills for Collection and Bills Receivable as per contra:				54,661.20			
1,21,14,779.51		1,88,04,113.25		11,54,41,804.54			
17,829.98		69,994.88		1,88,04,113.25			
1,21,32,609.49		1,88,74,108.08		69,994.88			
18,04,72,485.27		22,72,21,141.42		1,88,74,108.08			
Carried over .. Rs.				Carried over .. Rs.			

THE BANK OF RAJASTHAN LIMITED—Continued

BALANCE SHEET AS AT 31st DECEMBER, 1970—Contd.

1969		1970		1969		1970	
Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
CAPITAL AND LIABILITIES—(Contd.)				PROPERTY AND ASSETS—(Contd.)			
Brought forward .. Rs.		22,72,21,141.42		Brought forward .. Rs.		23,10,32,104.91	
7. Other Liabilities:				7. Constituent's Liabilities for Acceptances, Endorsements and Other Obligations per contra		41,54,090.93	
17,649.58	(i) Unpaid Dividends	21,809.44		8. Premises Less Depreciation:			
14,88,181.28	(ii) Provision for Income Tax	8,92,075.09		Total cost as on 31st December, 1969 ..		9,23,939.85	
2,86,143.78	(iii) Bonus to Staff	8,81,061.22		Additions during the year		2,19,018.61	
124.71	(iv) Staff Benefit Account	10,124.71		LESS—Written off		11,42,058.46	
67,32,799.21	(v) Branch Adjustments	77,00,881.96		LESS—		11,42,058.46	
10,66,539.91	(vi) Sundry Creditors Account	10,91,218.08		Depreciation as per last Balance Sheet	Rs. P.		
16,599.10	(vii) Income received but not earned ..	Nil		Depreciation during the year	24,359.54		
23,607.78	(viii) Unexpired Discount	48,670.51					
96,10,645.28		1,01,45,579.01				1,46,291.31	
5,58,187.97	8. Acceptances, Endorsements and Other Obligations per contra	41,54,090.93					9,96,757.15
	9. Profit and Loss:						
1,97,038.17	Balance of last year's profit after appropriations	2,47,308.23		9. Furniture and Fixtures Less Depreciation:			
1,80,371.50	LESS—Dividend for 1969	2,10,000.75		As per last Balance Sheet		23,18,508.43	
7,061.87		27,647.48		Additions during the year		3,18,416.87	
7,99,646.56	ADD—Profit for the year brought from Profit and Loss Account ..	8,32,438.57		LESS—Written off during the year ..		26,36,925.30	
8,07,308.23		8,90,081.05		LESS—		32,127.43	
	LESS—Appropriations: Rs. P.			Depreciation as per last Balance Sheet	Rs. P.	26,04,797.82	
1,60,000.00	Reserve Fund under Section 17	1,67,000.00		LESS—			
1,20,000.00	Other Reserves	79,000.00		Depreciation on written off during the year	9,048.75		
2,80,000.00	Bonus to Staff	3,75,000.00		Depreciation during the year	1,53,533.16		
5,60,000.00		6,12,000.00				12,97,420.57	
2,47,308.23		2,46,081.05					13,07,377.25
	10. Contingent Liabilities:			10. Other Assets including Silver:			
2,831.85	(i) Claims against the Banking Company not acknowledged as debts	8,391.46		(i) Silver		Nil	
1,02,16,911.89	(ii) Money for which the Banking Company is contingently liable—			(ii) Sundry Debtors		1,87,439.65	
	Guarantees given by the Banking Company on behalf of:			(iii) Stamps		12,469.25	
Nil	(a) Directors or Officers	Nil		(iv) Cash in Transit		3,41,070.00	
98,09,811.89	(b) Others	1,71,50,573.41		(v) Prepaid Insurance		24,500.00	
Nil	(iii) Arrears of Cumulative Preference Dividend	Nil		(vi) Stationery in Stock		2,97,087.46	
Nil	(iv) Liability on Bills of Exchange rediscounted	Nil		(vii) Income accrued but not realised ..		15,84,520.22	
2,00,000.00	(v) In respect of Partly Paid Shares ..	2,00,000.00		(viii) Indian Income Tax deducted at source and Income Tax paid in advance		7,63,179.90	
	Notes:—(1) Provision to the full extent for future gratuity to staff has not been made as liability for it has not been ascertained.			(ix) Building Equipment		2,129.87	
				(x) Conveyance: Rs. P.			
				As per last Balance Sheet	2,93,533.75		
				Additions during the year	60,065.00		
				LESS—Written off during the year	3,03,498.75		
					3,178.32		
					3,00,322.43		
				LESS—			
				Depreciation as per last Balance Sheet	Rs. P.		
				Depreciation on written off during the year	1,859.08		
					1,53,304.46		
				ADD—			
				Depreciation during the year	41,303.15		
					1,95,107.61		
						1,65,214.82	
							33,78,502.17
				11. Non-Banking Assets Acquired in Satisfaction of Claims			
				(Stating mode of valuation)		Nil	
18,66,88,088.73	Grand Total .. Rs.	24,17,69,492.41		Grand Total .. Rs.		24,17,69,492.41	

THE BANK OF RAJASTHAN LIMITED—Continued

Schedule of Particulars required by the Banking Regulation Act, 1949 attached to and forming part of the Balance Sheet as at 31st December, 1970

1969			PARTICULARS OF ADVANCES	1970		
Bills Discounted and Purchased	Loans, Advances, Cash Credit and Overdrafts	Total		Bills Discounted and Purchased	Loans, Advances, Cash Credit and Overdrafts	Total
Rs. P.	Rs. P.	Rs. P.		Rs. P.	Rs. P.	Rs. P.
1,07,71,184.96	4,87,08,060.80	6,54,74,195.76	(i) Debts considered good in respect of which the Banking Company is fully secured ..	5,05,30,376.95	6,11,80,844.65	6,16,80,721.60
6,96,238.02	18,80,661.10	22,16,895.02	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security ..	11,56,245.17	22,68,891.20	84,44,636.87
Nil	22,95,498.43	22,95,498.43	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors :	Nil	19,74,887.43	19,74,887.43
76,81,859.59	2,38,210.77	80,70,076.36	(a) Debts guaranteed by the Government of Rajasthan and Maharashtra ..	1,15,20,898.79	66,81,960.15	1,83,52,858.94
Nil	Nil	Nil	(b) Others ..	Nil	Nil	Nil
3,54,29,229.47	5,26,20,437.10	7,80,55,665.57	(iv) Debts considered doubtful or bad, not provided for ..	4,32,07,520.61	7,22,34,098.43	11,54,41,804.34
Nil	1,53,168.22	1,53,168.22	(v) Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons ..	Nil	1,41,348.48	1,41,348.48
9,24,672.50	Nil	9,24,672.50	(vi) Debts due by Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or, in case of Private Companies, as Members ..	12,49,760.82	Nil	12,49,760.82
Nil	1,58,567.64	1,58,567.64	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons ..	Nil	1,59,714.78	1,59,714.78
4,97,746.81	22,68,041.10	27,65,787.50	(viii) Maximum total amount of advances including temporary advances granted during the year to the Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners, Managing Agents or in case of Private Companies, as Members ..	12,56,095.62	Nil	12,56,095.62
Nil	Nil	Nil	(ix) Due from Banking Companies ..	Nil	58,21,704.63	58,21,704.63

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1970

1969		EXPENDITURE	1970		INCOME	1970	
Rs. P.			Rs. P.			Rs. P.	
57,87,773.29	1. Interest paid on Deposits, Borrowings, etc. ..	68,04,564.31	57,87,773.29	2. Salaries, Allowances and Provident Fund ..	1,18,08,098.55	57,87,773.29	2. Salaries, Allowances and Provident Fund ..
47,76,894.81	3. Directors' and Local Committee Members' Fees and Allowances ..	7,025.00	47,76,894.81	3. Commission, Exchange and Brokerage ..	28,62,501.61	47,76,894.81	3. Commission, Exchange and Brokerage ..
5,775.00	4. Rent, Taxes, Insurance, Lighting, etc. ..	3,54,302.30	5,775.00	4. Rents ..	1,855.15	5,775.00	4. Rents ..
2,87,965.78	5. Law Charges ..	18,368.45	2,87,965.78	5. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..	2,26,869.90	2,87,965.78	5. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..
12,441.35	6. Postage, Telegrams and Stamps ..	3,84,379.44	12,441.35	6. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..	Nil	12,441.35	6. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account) ..
8,28,380.88	7. Auditors' Fees ..	16,795.00	8,28,380.88	7. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets ..	Nil	8,28,380.88	7. Income from Non-Banking Assets and Profit from Sale of or Dealing with such Assets ..
15,780.00	8. Depreciation on and Repairs to the Banking Company's Property ..	2,77,990.09	15,780.00	8. Other Receipts ..	4,82,813.35	15,780.00	8. Other Receipts ..
2,58,584.08	9. Stationery, Printing, Advertisement, etc. ..	2,87,674.21	2,58,584.08	Total ..	1,54,72,120.26	2,58,584.08	Total ..
2,86,284.30	10. Loss from Sale of or Dealing with Non-Banking Assets ..	Nil	2,86,284.30			2,86,284.30	
3,97,988.42	11. Other Expenditure ..	4,32,785.49	3,97,988.42			3,97,988.42	
7,99,649.56	12. Balance of Profit ..	8,32,488.57	7,99,649.56			7,99,649.56	
1,29,38,963.87	Total ..	1,54,72,120.26	1,29,38,963.87			1,29,38,963.87	

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed Balance Sheet of the Bank of Rajasthan Limited, Udaipur, as at 31st December, 1970 and the annexed Profit and Loss Account of the Bank for the year ended on that date in which are incorporated the returns of 17 branches audited by us and 63 branches audited by other Chartered Accountants. In accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, read with the provisions to Sub-section (1) and (2) of Section 211 and Sub-section (5) of Section 211 and Section 227 of the Companies Act, 1956, the Balance Sheet and Profit and Loss Account are not required to be and are not drawn in accordance with the Sixth Schedule of the Companies Act, 1956. The accounts are therefore drawn up in conformity with Forms A and B of the Third Schedule to the Banking Regulation Act, 1949.

We report that:—

- we have obtained all the informations and explanations which, to the best of our knowledge and belief, were necessary for the purpose of audit and have found them to be satisfactory;
- the transactions of the Bank which have come to our notice, have been within the powers of the Bank;
- in our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books;
- the Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with books of account and the returns;
- the reports on the accounts of the branches audited by Branch Auditors have been forwarded to us and the same have been considered by us in preparing our report;
- in our opinion, and to the best of our information and according to the explanations given to us, the said accounts together with notes thereon give the information required by the Companies Act, 1956, in the manner so required for Banking Companies and on such basis the said Balance Sheet gives a true and fair view of the state of affairs of the Bank as at 31st December, 1970 and Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

B. D. GARGIYA, G.D.A., F.C.A.
Prop.

B. D. GARGIYA & CO.,
Chartered Accountants.

Note:—Particulars of remuneration relating to the Chief Executive Officers:

	Major Daulat Singh (1-1-1970 to 15-7-1970)	Shri S. D. Mehra (15-7-1970 to 31-12-1970)
	Rs. P.	Rs. P.
(i) Salaries ..	24,920.00	11,032.00
(ii) Allowances ..	....	....
(iii) Sitting fee ..	850.00	225.00
(iv) Bonus ..	....	....
(v) Employer's contribution to provident fund, pension fund or any other superannuation fund ..	1,512.88	919.87
(vi) Payment by way of gratuity, pension or otherwise in excess of the employer's contribution and interest thereon paid to the ex-chairman ..	5,900.00	....
(vii) Monetary value of any other benefits or perquisites ..	1,027.00	4,810.21
(viii) Total of items (i) to (vii) ..	38,909.88	16,986.54
(ix) Salary and allowances of the Chief Executive Officer as stated in the Profit and Loss Account of the previous year ..	....	50,896.46
		88,232.92

S. D. MEHRA,
Chairman & Chief Executive Officer.
DAULAT SINGH,
BIDDELL & SETHI
S. K. MANIAR, S.K.A.
Directors

JAIPUR, 26th March, 1971.

J. S. BABEL,
General Manager
JAIPUR, 26th March, 1971.

EXPORT ANGLE

By Stevedore

Cable exports

THE consortium of cable manufacturers has received large orders for cables worth Rs 5 crores. In a stiff contest with the UK, France and other industrially advanced countries, the consortium has won a UAR order for 1.1 and 11 kV aluminium conductor paper insulated lead covered and armoured cables worth Rs 2.50 crores. From USSR it has received order for 10 kV aluminium conductor cables worth Rs 1.52 crores and from Public Utility Board, Singapore for 22 kV cables with copper conductor valued at Rs 70 lakhs. In the case of the UAR export order, however, the consortium is finding some difficulty. The needed Government approval for exports has not yet come so far as it has been stated that the necessary allocation for funds had not been made in the bilateral trade agreement. Cables with aluminium conductors are special items and the market for this is limited. The industry wants that the cables should be included in bilateral trade agreements and preference in allocation of funds under the agreement be ensured. If adequate funds are made available, additional orders from the UAR can possibly be secured. A delegation from UAR is expected to visit Delhi shortly to sort out the difficulties about the export of goods from here. Industry expects that during the meeting with the delegation arrangements would be made for expediting the cable exports from here.

During the last four years since the formation of the consortium the cable exports are on increase. The exports so far have been of the order of 2,125 kms worth Rs 8.7 crores. In the past 12 months alone the industry has received export orders worth Rs 5.75 crores. Perhaps the biggest gain of the consortium drive has been the export of cables of internationally accepted standards from the country. The Rs 5.75 crores export orders for power cables in the last one year is inclusive of Rs 4.5 crores of P.I. cables with aluminium conductors and Rs 1.15 crores of cables with copper conductors. Copper conductor cables involve import of basic material. Aluminium conductor cables are made substantially out of indigenous raw material. The industry's effort has been to sell more of aluminium conductor cables. Export of aluminium conductor cables has had a considerable success in the UAR and the USSR. Other countries covered are: Malaysia, Ceylon, Malawi, Dubai and the Sudan. □

New export corporation

THE Project and Equipment Corporation, the newly formed subsidiary of the State Trading Corporation, is likely to provide a push for the export of railway and engineering equipment. So far the Corporation has received orders worth Rs 63 crores for these items from countries such as the UAR, Yugoslavia, Hungary, Poland, the USSR, Australia, Sweden, East Africa, Sudan, Iran, Burma and Taiwan. The bulk of the orders worth Rs 53 crores are for railway equipment and the rest for textile

machinery, machine tool castings, aluminium conductors, handtools and rock drills. Besides these, the Corporation is also negotiating the sale of many other products like railway coaches, cement plants, refineries, hotel equipment, construction equipment etc which are likely to result in more orders in the near future. The Corporation has also plans to pursue turn-key projects abroad vigorously. These include construction of new railway lines, building complete industrial plants etc, starting with their preliminary surveys to final building. The Project and Equipment Corporation was formed recently and the engineering and railway equipment division of the STC was merged into it. □

Paints for Russia

BLUNDELL Eomite Paints of Bombay has started executing a major order for the supply of Rs 18 lakhs worth of

emolite pammel synthetic enamel packed in small tins. The material is being manufactured according to the specifications of the Soviet buyers and is packed in decorative tins with labels printed in Russian language. The company has executed similar orders from Thailand and Burma. □

Coal to U.K.

SHIPMENTS of coal against the first ever export contract signed with the UK for this commodity are expected to begin this month. In its bid to find outlets for Indian coal, the Minerals and Metals Trading Corporation recently succeeded in getting an order for 2.5 lakh tonnes of coal from the UK. The MMTC has also made arrangements to export 1.84 lakh tonnes of steam coal, 26,359 tonnes of slack coal and 9,000 tonnes of coke to Burma. □

What India can sell

THE Directorate of Commercial Publicity in the Ministry of Foreign Trade has issued a further list of global tenders. The purchasing authorities, the items required and the closing dates of these tenders are as follows:

Argentina

SEGBA, Buenos Aires; Equipment, material, assembly and commissioning of an internal telephone system to operate in transformer sub-stations; May 31, 1971.

Burma

Project Director, Tarpaulin Plant Project No. 16, Kyauk-waing, Pagoda Road, Rangoon; Dyestuffs and chemicals; May 30, 1971.

Hongkong

The Secretary, Central Tender Board, Colonial Secretariat, Lower Albert Road, Hongkong; Toilet paper; June 4, 1971.

Indonesia

The Ministry of Trade, Republic of Indonesia, Djalan Abdul Muis, Jakarta; Fertilisers; June 3, 1971.

Iran

Tehran Regional Electric Company, Jaleh Square, Tehran; Paper insulated underground power cables and accessories for operating up to 20 kv; June 12, 1971.

Iran Tobacco Company, Tehran; Steel-yard for weighing cigarette cartons; June 13, 1971.

Iraq

The President, Central Foreign Purchasing Board, Baghdad; Porcelain china and iron equipment; May 23, 1971; petrol launches; June 6, 1971.

Iraqi Ports Administration, Basrah; Low tension underground cables; May 26, 1971; Teleprinter equipment; May 26, 1971.

Director General of Public Works, Ministry of Works and Housing, Baghdad; Bally bridges or equivalent; July 1, 1971.

Nepal

Chief Engineer, Roads Department, Babar Mahal, Kathmandu; Equipment

and vehicles for highway maintenance programme; July 15, 1971.

Papua and New Guinea

Administration of the Territory of Papua and New Guinea, Papua; Corrugated galvanised steel culverting; June 1, 1971.

Sudan

The Controller of Stores, Sudan Railways, Atbara; Rolled steel bearing plates; June 1, 1971.

Thailand

Purchase and Stores Department, Metropolitan Electricity Authority, 121 Chakraphet Road, Bangkok; Copper cable; June 7, 1971.

Turkey

Milli Egitim Bakanligi, Mesleki ve Teknik Ogretim Mustesarligi, Egitim Araclari ve Teknik Is Birligi, Genel Mudurlugu, Ankara; Physics instruction apparatus; May 31, 1971.

UAR

Telecommunications Organisation, P.O. Box 795, Cairo; paper tape rolls for telegraph machines; June 5, 1971.

Dyestuffs and Chemicals Co, Kafr El Dawar; Inorganic raw materials for manufacture of dyestuffs; June 1, 1971; Organic raw materials and intermediates for manufacture of dyestuffs; June 2, 1971; Press cakes for the manufacture of V-dyestuffs; June 3, 1971.

Zambia

The Secretary, Republic of Zambia, Central Supply and Tender Board, P.O. Box 1009, Lusaka; Post mortem and surgeons gloves; June 4, 1971.

Exporters may obtain the tender documents from the purchasing authorities of the respective countries. Further details about these overseas contracts can be had from the Indian Export Service Bulletin dated May 1, 1971, issued by the Directorate of Commercial Publicity in the Ministry of Foreign Trade.

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

Announcement regarding the issue of 65,000 First Mortgage 8 per cent Subject to Tax Registered Debentures (1978-1983)

Persons interested are requested to apply for copies of the Prospectus and Application form from the Registered Office of the Company, Bankers to the Issue, Underwriters and Brokers mentioned below

THE ALUMINIUM INDUSTRIES LIMITED

(Incorporated as a Public Limited Company under the Travancore Companies Act (IX of 1914) and now governed by the Companies Act 1956)

Registered Office: No. 1, Ceramic Factory Road, Kundara (Kerala State)

HISTORY, BUSINESS AND OBJECTS OF ISSUE

The Company was incorporated under the Travancore Companies Act (IX of 1914) on 2nd January, 1946 and is now governed by the Companies Act, 1956. The Company obtained Certificate of Commencement of Business on 25th January, 1946 and has been carrying on business since then.

The Company established a factory at Kundara, Kerala State, in which the Company is carrying on the manufacture of electric conductors, in particular of A.C.S.R. and A.A.C. bare conductors, transmission line accessories and insulated aluminium conductors.

The Company has been steadily expanding the volume of its business as well as the various lines of manufacture.

Starting with the manufacture in its Kundara factory of bare conductors in 1950, the Company established in 1955 a Properzi Mill for the manufacture of aluminium rods at Kundara. The Company set up in 1957 another plant at Kundara for the manufacture of insulated aluminium cables.

In 1957, the Company established a factory for the manufacture of aluminium bare conductors and aluminium rods at Hirakud (Orissa State). The wire mill of this unit went into production in 1959 and the rod mill in 1960.

Plant and machinery for the manufacture of high tensile galvanised steel wire required for A.C.S.R. manufacture was set up at Kundara and it went into production in 1961.

At Hyderabad (Andhra Pradesh), a unit was installed and commissioned in 1964 to manufacture insulated aluminium cables. During the same year commercial production of SOLIDAL underground cable was established at Kundara.

The Company established a factory at Hyderabad (Andhra Pradesh), for manufacturing wire working machinery. This unit was set up in collaboration with Messrs. Miyazaki Iron Works Ltd., Japan, and was commissioned in 1969.

In collaboration with Messrs. Delle Alsthom of France, the Company set up a unit at Mannar for the manufacture of Switchgear equipment. This was commissioned in 1970.

This Debenture Issue is being made not for the purpose of financing any new expansion scheme of the Company, but for the purpose of meeting repayment obligations partly of medium-term loans and fixed deposits and for the repayment of the residue (Rs. 13 lakhs) of an earlier Debenture Issue of Rs. 45 lakhs, that falls due for amortisation in the year and for augmenting the Company's working funds.

DIRECTORS

1. **SRI S. NARAYANASWAMY**—Stock Broker, Chairman, Board of Directors, (son of late K. Soshu Aiyer), 'Seshadri', 6, Chittaranjan Road, Teynampet, Madras-18.
2. **SRI ABDULLABHOY M. BHAGAT**—Businessman, (son of late Mohanoddy Abdullabhoi Bhagat), 10, Sombudoss Street, Madras-1.
3. **SRI N. J. NAIR**—Businessman, (son of Mr. Narayana Pillai), C/o Textile Supplies Syndicate (I) Pvt. Ltd., India House, Opp. G.P.O., Bombay-1.
4. **SRI G. SREENIVASULU CHETTY**—Landlord, (son of late Cunniah Chetty), 'Sri Nivassim', 2, Murthi Lane, (Rattan Bazaar Road), Madras-3.
5. **SRI RUSSI JAL TARAPOREVALA**—Economist, (son of late Jal Hirji Taraporevala), 25, Cuffe Parade, Colaba, Bombay-6.
6. **SRI V. PAPPU**—Engineer, (son of late Pappu Subba Rao), No. 4, Sports View, Palam, New Delhi-10.
7. **SRI K. P. RAMACHANDRAN NAIR**—Advocate, (son of Mr. K. K. Velayudhan Pillai), 'Changanachery House', Bhakthi Vilas Road, Trivandrum.
8. **SRI R. MADHAVAN NAYAR**—Industrialist, (son of Mr. Rama Kurup), Managing Director, Cochin Company Pvt. Ltd., Post Box No. 1712, Ernakulam South, Cochin-10.
9. **SRI N. SUNDARESWARAN**—Cashew Exporter, (son of Mr. Narayanan), 'Sundara Bhavan', Aaramam, Quilon-2.
10. **SRI GEORGE THOMAS**—Special Secretary (Nominee of Kerala Government), (son of Mr. George Thomas), 'Villa Lizza', Trivandrum-3.
11. **MR. G. J. AUBRY**—Engineer (Nominee of Delle-Alsthom), (son of Mr. Aubry Raymond), C/o Messrs. Delle-Alsthom, Villeurbanne, 130, Rue Leon Blum, RHONE (France).

12. **SRI REVI KARUNA KARAN**—Merchant, (Nominee of Kerala Financial Corporation), (son of late K. C. Karuna Karan), 'Shanti Bhavan', Alleppey.
13. **SRI N. A. KRISHNAN**—Managing Director (Retd.), State Bank of India (Nominee of The Industrial Credit & Investment Corporation of India Ltd.), (son of Mr. M. A. Narayana Iyer), 307, 40th Cross, 8th Block Jayanagar, Bangalore-41.
14. **SRI K. P. SREEDHARAN NAIR**—Engineer, (son of late N. Kumara Pillai), 24, Sundar Nagar, New Delhi-3.
15. **SRI B. V. D. MENON**—Engineer, Managing Director, (son of late T. K. Balakrishna Menon), 'Bhakti Vilas', Kalamassery P. O., Alwaye.

SHARE CAPITAL

AUTHORISED :	Rs.
50,00,000 Equity Shares of Rs. 10 each	5,00,00,000
2,00,000 9.5% Redeemable Cumulative Preference Shares of Rs. 100 each	2,00,00,000
	<u>7,00,00,000</u>

ISSUED :	Rs.
26,99,264 Equity Shares of Rs. 10 each	2,69,92,640
and	
84,857 Redeemable Cumulative Preference Shares of Rs. 100 each with participating rights	84,85,700
	<u>3,54,78,340</u>

SUBSCRIBED :	Rs.
26,99,264 Equity Shares of Rs. 10 each	2,69,92,640
84,601 Redeemable Cumulative Preference Shares of Rs. 100 each with participating rights	84,60,100
	<u>3,54,52,740</u>

PAID-UP :	Rs.
26,99,264 Equity Shares of Rs. 10 each	2,69,92,640
Less : Calls in arrears	220
	<u>2,69,92,420</u>
(of the above 289,285 Equity Shares were allotted as fully paid-up by way of bonus shares by capitalisation of share premium account : 153,551 Equity Shares were allotted for consideration other than cash to Collaborators for Switchgear manufacture—DELLE-ALSTHOM of France, towards part payment of engineering charges and know-how fees and import of capital goods)	
84,601 Redeemable Cumulative Preference Shares of Rs. 100 each with participating rights	84,60,100
Less : Calls in arrears	17,800
	<u>84,42,300</u>
	<u>3,54,34,720</u>

PRESENT ISSUE

65,000—8 per cent (subject to tax) First Mortgage Registered Debentures of Rs. 100 each at par for cash payable in full on application or in case any holder of the existing Debentures of Aggregate value of Rs. 12 lakhs wishes to surrender any of such Debentures held by him in exchange for equivalent face value of the Debentures of the present issue, then on his surrendering the same along with the application.

Application for Debentures must be for a minimum of 5 Debentures or multiples of 5 Debentures. All applications must be made on the form accompanying the Prospectus.

The application forms duly completed together with cheques or drafts for the amount of Rs. 100 per Debenture payable in full on application must be delivered before the closing of the subscription list to any of the Company's Bankers to the Issue mentioned in the Prospectus.

THE ALUMINIUM INDUSTRIES LIMITED—Continued

UNDERWRITERS

Name and Address of the Underwriters	Amount Underwritten
	Rs.
1. The Industrial Development Bank of India, New India Centre, 17, Cooperage, Bombay-1	45,00,000
2. Life Insurance Corporation of India, 'Yogakshema,' Jeevan Bima Marg, Bombay-20	10,00,000
3. Unit Trust of India, Bombay Life Building, 45, Veer Nariman Road, Post Box No. 2000, Bombay-1	10,00,000
	Rs. 65,00,000

BANKERS TO THE COMPANY

1. State Bank of Travancore, Marikar Buildings (Statue), Trivandrum, Kerala State.
2. Punjab National Bank, Sambalpur, Orissa State.
3. Indian Bank, 11/61, Bridge Road, Mattancherry, Cochin-2, Kerala State.
4. Canara Bank, Abid Road Branch, 4-1-954, M. G. Road, Hyderabad, Andhra Pradesh.
5. Bank of Baroda, 24, Beach Road, Post Box No. 127, Quilon-1, Kerala State.
6. Union Bank of India, 2-138, D, Mattancherry, Cochin-2, Kerala State.

BANKERS TO THE ISSUE

1. State Bank of Travancore, Marikar Buildings (Statue), Trivandrum, Kerala State.
2. Punjab National Bank, Sambalpur, Orissa State.
3. Bank of Baroda, 24, Beach Road, Post Box No. 127, Quilon-1, Kerala State.

DEBENTURE TRUSTEE FOR THE EXISTING DEBENTURES

Shri Bikkani Venkataratnam, Chodavaram, Ramachandrapuram Taluk, East Godavari District, Andhra Pradesh.

DEBENTURE TRUSTEE FOR THE DEBENTURES NOW BEING ISSUED

Bank of Baroda, 12, Apollo Street, Bombay-1.

AUDITORS

1. Messrs. T. Velu Pillai & Co., Chartered Accountants, 'Enterprise,' Palace Ward, Alwayo, Kerala State.
2. Messrs. K. Venkatachalam Aiyer & Co., Chartered Accountants 'Sriniketan,' Chottikulangara, Trivandrum-1, Kerala State.

LEGAL ADVISERS

1. Messrs. Menon & Pai, Advocates, Post Box No. 1761, Ernakulam, Cochin-16, Kerala State.
- Messrs. R. Narasimhachariar & N. Varadarajan, Advocates, 'Saranath,' No. 4, Dr. Rangachari Road, Mylapore, Madras, Tamil Nadu.

BROKERS

Madras

1. Messrs. Chitra & Co., Post Box No. 1557, 322-323, Linghi Chetty Street, Madras-1.
2. Messrs. Paterson & Co., Vanguard Insurance Building, 3rd Floor, 11-12, Second Line Beach, Madras-1.

Bombay

1. Messrs. Champaklal Devidas, Bhupen Chambers, Dalal Street, Fort, Bombay-1.
2. Messrs. P. R. Subramanyam & Sons, 70-A, Stock Exchange Building, Apollo Street, Fort, Bombay-1.

Bangalore

Messrs. Nanjappaiah Jahgirdar, 205, Cavalry Road, Bangalore-42.

Calcutta

Messrs. Place, Siddons & Gough (P) Ltd., 6, Lyons Range, Calcutta-1.

New Delhi

Messrs. Jalan & Co., Stock Exchange Building, Asaf Ali Road, New Delhi.

Ahmedabad

Messrs. Chinubhai Chimanlal Dalal, Patchbhais' Havoli, Ratanpole, Ahmedabad-1.

Hyderabad

Mr. P. B. Afzulpurkar, Sultan Bazar, Hyderabad, Andhra Pradesh.

PROSPECTUS AND APPLICATION FORM

Copies of Prospectus and Application Form can be obtained from the Registered Office of the Company, the Company's Underwriters, Brokers and Bankers to the Issue at the branches of the banks mentioned below during office hours on working days for the duration the subscription list is open :

1. STATE BANK OF TRAVANCORE—Bombay, Calicut, Cochin, Kundera, Madras, Palghat, Quilon and Trivandrum.
2. PUNJAB NATIONAL BANK—Ahmedabad (Maskati Market), Calcutta (Brabourne Road), Baroda (Raopura), Bangalore City, Bombay, Coimbatore, Cuttack, Delhi Cantt., Hyderabad, Indore, Lucknow, Madras, Mysore, Poona City, Patna City, Ranchi, Sambalpur and Vijayawada.
3. BANK OF BARODA—Ahmedabad, Bombay, Bangalore, Baroda, Calcutta, Cochin, Coimbatore, Hyderabad, Indore, Madurai, Madras, New Delhi, Poona City, Quilon, Trivandrum and Tiruchirappalli.

DATE OF OPENING AND CLOSING OF SUBSCRIPTION LIST

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON MONDAY, THE 24TH MAY, 1971 AND WILL CLOSE AT THE CLOSE OF BANKING HOURS ON FRIDAY, THE 4TH JUNE, 1971, OR EARLIER AT THE DISCRETION OF THE DIRECTORS BUT NOT EARLIER THAN THE CLOSE OF BANKING HOURS ON WEDNESDAY, THE 2ND JUNE, 1971.

India and Pakistan

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BALANCE SHEETS

DIVIDEND MAINTAINED

Bengal Coal sales slump

WITH lower sales for the year ended October 31, 1970 at Rs 11 crores against Rs 12.6 crores in the previous year, the gross profit of the Bengal Coal Co Ltd (Chairman: Mr Bhaskar Mitter, Calcutta) slumped to Rs 63 lakhs from Rs 109 lakhs.

(In lakhs of rupees)

	For the year ended 31st October			
	1970	1969	1968	1967
Total earnings	1243.00	1877.11	1811.47	1100.52
Sales	1104.02	1284.08	1215.91	977.82
Other income	102.85	107.03	110.82	114.50
Stock adjustment	+38.88	+5.40	-15.28	+8.20
Opening	34.90	29.40	44.92	36.82
Closing	71.29	34.06	29.56	44.82
Total expenses	1180.14	1268.18	1181.61	1004.53
Colliery expenses	846.22	889.92	837.92	850.25
Salaries and wages	637.45	646.61	687.19	501.85
Other expenses	196.47	231.65	206.50	172.63
Gross profit	62.86	108.93	129.86	95.99
Depreciation	52.32	49.10	48.02	50.78
Managing agency remuneration	0.17	2.64	4.56	2.87
Profit before tax	10.37	57.19	77.28	42.34
Taxation	..	4.50	35.50	28.05
Profit after tax	10.37	52.69	41.78	14.29
Withdrawals from reserves and write backs	35.06	6.39	5.50	19.88
Prior years' adjustments	-5.52	-14.95	-11.28	-1.41
Development rebate	18.50	8.10	7.54	6.09
Other reserves	6.28	21.33	13.03	13.94
Dividends:				
Preference	0.72	0.72	0.72	0.72
Ordinary	14.40	19.40	14.40	12.00
	(12%)	(12%)	(12%)	(10%)
Carry forward	..	..	0.43	0.24
Market prices of ordinary shares (in rupees):				
High	193.00	237.00	209.50	159.00
Low	162.00	185.00	120.00	122.00

The net profit, after depreciation, dropped to Rs 10 lakhs from Rs 57 lakhs. However, the ordinary dividend has been maintained at 12 per cent.

The company's gross profit margin works out to 5.7 per cent against 8.6 per

cent. The ratio of net profit to net worth comes to 2 per cent (10.2 per cent).

In the year under review, operations at the company's collieries were hampered by several factors like the unprecedented wagon shortage which troubled the entire coal industry for the major part of the year, the widespread strikes in key sectors such as the railways, the steel plants, the power houses and explosives factories and by increased lawlessness together with acts of violence throughout the coalfields. However, production and despatches at the collieries worked by the company were affected by only 3.4 per cent and 6.2 per cent, respectively, as compared with 6 per cent and 10 per cent for the industry as a whole. Similarly, stocks at the company's collieries at the close of the year represented 26 days' production as compared with about 55 days for the industry.

During the year the net additions to block amounted to Rs 32.48 lakhs (Rs 41.23 lakhs). The major part of the capital expenditure incurred was in connection with the Trans Adjai project at Girimint colliery for winning Poniat seam coal and on modification of the screening plant at Murulidih colliery. In addition, expenditure has also been incurred on the opening out and the development of the Mohuda top seam of this colliery from which coal production has since started.

Raipur Manufacturing

WITH higher sales for the year ended December 31, 1970 at Rs 5.4 crores against Rs 4.3 crores in the previous year, the gross profit of the Raipur Mfg Co Ltd (Chairman: Miss Lilavati Lalbhai,

Ahmedabad) rose to Rs 67 lakhs from Rs 54 lakhs. The net profit, after depreciation and taxation, amounted to Rs 30 lakhs (Rs 13 lakhs). The ordinary dividend was 16 per cent (24 per cent). This is payable on the increased capital. During the year under review the ordinary subscribed capital of the company was raised to Rs 75 lakhs from Rs 50 lakhs by issue of bonus shares.

The company's gross profit margin works out to 12.5 per cent against 12.4 per cent. The ratio of net profit to net worth comes to 13.5 per cent (8 per cent).

In the year under review the company has done well in spite of increases in the prices of cotton, colours, chemicals and dearness allowance. Export for the year amounted to Rs 10.99 lakhs (Rs 7.69 lakhs). The Government of India had already issued a letter of intent in favour of the company for setting up a plant for the manufacture of fine china crockery to the

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	551.41	451.52	416.08	386.03
Sales including excise duty	530.02	435.35	408.04	359.08
Other income	7.88	0.89	6.38	7.68
Stock adjustment (of finished goods)	+3.01	+9.28	+1.66	+20.87
Opening	05.62	56.34	54.68	39.81
Closing	09.53	65.02	56.34	54.83
Total expenses	483.90	397.94	380.55	333.05
Materials and stores	200.38	169.12	159.00	183.91
Salaries and wages	94.51	82.97	84.12	78.79
Excise duty	109.04	87.14	80.81	72.05
Other expenses	71.02	68.41	66.62	40.20
Gross profit	67.51	53.88	35.53	52.88
Depreciation	20.65	25.98	20.48	24.05
Managing agency remuneration	..	2.50	0.88	2.54
Profit before tax	46.86	25.42	8.17	28.09
Taxation	17.00	12.50	0.25	10.00
Profit after tax	29.86	12.92	7.92	16.09
Withdrawals from reserves	..	1.55	11.05	2.80
Development rebate	5.25	2.00	6.50	6.50
Other reserves	12.15	..	..	..
Dividends:				
Preference	0.45	0.45	0.45	0.45
Ordinary	12.00	12.00	12.00	12.00
	(16%)	(24%)	(24%)	(24%)
Carry forward	0.05	0.05	0.05	0.01
Market prices of ordinary shares (in rupees):				
High	472.50	346.00	311.25	337.50
Low	292.50	291.25	273.50	275.00

tune of 1,800 tons per annum. The collaboration agreement with Porzellanfabrik Langenthal AG, Langenthal, Switzerland, has been approved by the Central Government. The company has applied to the Government for industrial licence. An application for the import of machinery has also been submitted to the Government and the necessary import licence will be issued after the industrial licence has been given to the company. The existing ceramic factory has not yet become profitable due to high cost of fuel, raw materials and wages.

As a part of reorganisation and renovation programme the company has incurred a capital expenditure of Rs 33 lakhs. The main items include two suction looms for cards, 26 NMM/Rup/automatic units and two size pressure cookers. The installed capacity of the mills is 45,484 spindles, 6,780 doubling spindles and 800

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Devkaran Nanjee Insurance

The gross direct premium income of all the departments of Devkaran Nanjee Insurance Co Ltd, Bombay, for the year ended December 31, 1970 has increased to Rs 83.26 lakhs from Rs 65.85 lakhs in the previous year. The net fire premium written during the year was Rs 35.55 lakhs (Rs 28.51 lakhs). The net premium of miscellaneous department rose to Rs 15.25 lakhs from Rs 10.78 lakhs. The total net premium of all the departments amounted to Rs 53.05 lakhs (Rs 40.71 lakhs). After providing for the full gratuity liability of Rs 3.75 lakhs and an additional investment reserve and also for taxation liability, the net profit came to Rs 3.94 lakhs. The directors have proposed a final dividend of 14 per cent which together with the interim dividend of 8 per cent amounts to 22 per cent against 20 per cent for the previous years. An amount of Rs 2 lakhs has been transferred to the general reserve which now stands at Rs 5.90 lakhs.

Globe Auto Electricals

Sales of Globe Auto Electricals Ltd, Bombay, for the year ended December 31, 1970, have gone up to Rs 1.33 crores from Rs 1.06 crores in the previous year recording a rise of about 25 per cent. The net profit, after providing Rs 2.10 lakhs (Rs 1.98 lakhs) for depreciation amounted to Rs 4.31 lakhs (Rs 3.64 lakhs). The dividend has been maintained at 6 per cent. The profit would have been more but for the additional bonus burden for the years 1968 and 1969, totalling Rs 1.49 lakhs. The company is at present engaged in diversifying the range of its products to meet the rising needs of the country for tractors, trucks, jeeps, cars and scooters. An industrial licence for doubling the production has been received. Based on the successful completion of its expansion and diversification schemes, the company hopes to achieve a turnover of Rs 5 crores by the end of 1975.

Khandelwal Udyog

Turnover of Khandelwal Udyog Ltd, Bombay, for the year ended December 31, 1970 has spurted to Rs 101.13 lakhs from Rs 56.62 lakhs in the previous year. The net profit, after providing Rs 95,514 (Rs 94,519) for depreciation, amounted to Rs 12.20 lakhs (Rs 7.13 lakhs). The directors propose to declare dividend on 10 per cent redeemable cumulative preference shares for two years 1967 and 1968 after a lapse of about 4 years. After necessary adjustments, the accumulated losses are reduced to Rs 13.98 lakhs from Rs 21.61 lakhs. As on March 31, 1971 the order position exceeded Rs 1.20 crores (Rs 0.75 crores).

Hindustan Aluminium

Gross sales of Hindustan Aluminium Corporation Ltd, Bombay, for the year ended December 31, 1970 increased to Rs 50.68 crores from Rs 41.33 crores in the previous year. Excise duty paid in the year was Rs 10.86 crores (Rs 7.06 crores). The net profit, after providing Rs 3.82 crores (Rs 3.64 crores) for depreciation, amounted to Rs 9.75 crores (Rs 6.46 crores). The ordinary dividend has been stepped up

to 12½ per cent from 10 per cent. The development rebate absorbed Rs 0.33 crores (Rs 4 crores) while the general reserve got Rs 6.99 crores (Rs 2.46 crores). The net block of the company as on December 31, 1970 stood at Rs 35.25 crores (Rs 36.92 crores). Production of primary metal was 78,191 tonnes (72,231 tonnes) and that of fabricated products (proper rods, rolled products and extrusions) was 43,227 tonnes (35,010 tonnes).

During 1968 and 1969, 23,956 tonnes of metal were exported earning Rs 9.35 crores in foreign exchange. However, exports were banned in 1970 and thus only 2,499 tonnes of metal could be exported against prior commitments. The scheme for expansion of the company's production capacity up to 1.2 lakh tonnes was cleared last year and the first stage of the expansion programme, which is scheduled to raise the primary capacity to one lakh tonnes by the middle of 1972, has been taken on hand. The second phase of expansion to 1.2 lakh tonnes is scheduled to be completed by the end of 1973.

Industrial Development Bank

Operations of Industrial Development Bank of India, Bombay, during the nine months from July 1970 to March 1971 showed considerable increase as compared to the corresponding period in the previous year. Total gross sanctions rose to Rs 80.9 crores from Rs 43.5 crores recording an increase of 86 per cent and disbursements increased to Rs 52 crores from Rs 32.7 crores showing a rise of 59 per cent. The bulk of the improvement in sanctions during the nine-month period was brought about by sharp increases under direct loans (other than for exports), refinance of industrial loans and refinance of export credits. Such assistance aggregated Rs 52.4 crores, which was more than treble the assistance sanctioned in the corresponding period of 1969-70. Direct assistance to industrial concerns (other than for exports) including underwriting of shares and debentures etc aggregated Rs 24.7 crores in respect of 25 projects. Sanctions under export finance aggregated Rs 17 crores (Rs 6.1 crores). Allowing for the inflow of funds from re-



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payments of assistance disbursed earlier as well as sales of investments, the net outgo of funds from the IDBI during the period was Rs 24.8 crores (Rs 11.5 crores).

Eastern Manufacturing

Sale of gunnies of the Eastern Manufacturing Co Ltd, Calcutta, for the year ended December 31, 1969 has declined to Rs 1.98 crores from Rs 2.16 crores in the previous year. After providing Rs 5.03 lakhs (Rs 4.69 lakhs) for depreciation, the company has suffered a loss of Rs 8.81 lakhs against a profit of Rs 98,132. The accounts for the year under review could not be finalised in time due to closure of company's head office for about three months from March 1970 to May 1970. The year 1969 was also another critical period in the history of the jute industry. Jute crop for the year under review was adversely affected by climatic conditions. Due to short jute crop, prices of raw jute were very high throughout the year. Thus, trading was unprofitable because of marked disparity between raw jute and finished goods prices. Again, in order to cope with the short jute

crop, the Government of India was forced to restrict raw jute purchase and production, as a result of which the company's mills could not work to its optimum capacity.

Saswad Mali Sugar

Total sales of the Saswad Mali Sugar Factory Ltd, Malinagar, Sholapur, for the year ended July 31, 1970 have increased to Rs 2.81 crores from Rs 2.30 crores in the previous year. The net profit, after providing Rs 5.02 lakhs (Rs 4.51 lakhs) for depreciation and Rs 4.30 lakhs (Rs 6.59 lakhs) for taxation, amounted to Rs 3.08 lakhs (Rs 3.87 lakhs). The ordinary dividend has been maintained at 6 per cent. During the year under review, cane crushed was 1.76 lakh tonnes (1.57 lakh tonnes). Sugar produced was 1.75 lakh bags (1.66 lakh bags). Average recovery was 9.92 per cent (10.63 per cent). An order has already been placed for a complete new plant of 1,250 tonnes capacity with Buckau Wolf New India Engineering Works Ltd, Pimpri. The cost of this new

plant is Rs 1.44 crores and an advance of Rs 26 lakhs has been paid towards the same. It was decided to transfer this new plant to the co-operative society, namely, the Saswad Mali Sahakari Sakhar Karhana Ltd and consequently the erection of the new plant is to be done by the said society at its own cost.

Preliminaries

Bharat Suryodaya

Total net sales and other receipts of the Bharat Suryodaya Mills Co Ltd, Ahmedabad, for the year ended December 31, 1970 increased to Rs 2.79 crores from Rs 2.67 crores in the previous year. The net profit, after providing Rs 6.89 lakhs (Rs 6.30 lakhs) for depreciation and Rs 1.33 lakhs (Rs 3.75 lakhs) for taxation, amounted to Rs 4.02 lakhs (Rs 12.26 lakhs). The ordinary dividend has been pruned to 12 per cent from 15 per cent. The development rebate reserve and the development and rehabilitation reserve absorbed Rs 1.30 lakhs (Rs 4.04 lakhs). The general reserve got Rs 2.75 lakhs (Rs 8.90 lakhs). The company proposes to issue bonus shares in the ratio of one ordinary share for every ten shares held. The issue is subject to the approval of the Government. The new ordinary shares, if issued, shall rank *pari passu* with existing ordinary shares from the date of issue and shall be entitled to receive dividends declared thereafter.

Interims

Blundell Eomite Paints

Sales of Blundell Eomite Paints Ltd, Bombay, for the six months ended December 31, 1970 amounted Rs 1.79 crores against Rs 1.48 crores for the corresponding period in the previous year. The pre-tax profit after providing Rs 3.51 lakhs (Rs 3.59 lakhs) for depreciation was Rs 9.88 lakhs (Rs 5.76 lakhs). For the first time, the company has declared an interim dividend of 4 per cent, payable on July 1, 1971 to those shareholders whose names are on the register of members on June 4, 1971. The dividend for the year ended June 30, 1970 was 10 per cent.

Company trends

Gujarat Agro-Industries Corp

The Gujarat Agro-Industries Corporation Ltd, Ahmedabad, recently set up its second subsidiary company, the Agro-Industries Oil Extractions Ltd. It will undertake the extraction of oil from rice bran and such other products. It will also investigate the possibilities of setting up modern rice mills at various places in Gujarat. The company's authorised capital is Rs 50 lakhs. The first subsidiary of the Corporation, Agro-Industries Cold Storages Ltd, has already set up two cold storages, one at Borlavi in Kaira district and the other at Deesa in Banaskantha district.

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EQUITIES

Subdued sentiment

BOMBAY, May 12

IRREGULAR price movement and quiet undertone marked trading on Dalal Street during the week under review. Business was restricted as operators were reluctant to enter into fresh commitments owing to the various prevailing uncertainties.

The proximity of the Union Budget, the uncertain political situation in Pakistan, the monetary crisis in European exchange markets and the pressure on the US dollar, all conspired to depress the sentiment, with the result that prices sagged over a broad front. Reports that the Government was keen to implement its socialistic programmes, including imposition of ceiling on urban property, and apprehensions of a rise in railway freight rates and passenger fares added to the subdued sentiment. Technical considerations also called for a cautious approach. Other stock markets were also in a reactionary phase. Bulls thought it prudent to lighten commitments and with buying support lacking, prices retreated sharply. The approach of the ten-day settlement on Thursday also induced caution.

However, the reluctance of bears to press sales on a quiet market, and the plethora of good corporate news prevented any sharp break. The guidelines approved by the Government for the conversion of loans into equity have been less harsh than was feared. The import policy has a distinct export bias, and is expected to meet the need-based requirements of private sector industry.

Corporate news remained encouraging. R.B. Motilal Poona Mills stepped up the dividend by four points to ten per cent for 1970, following excellent working. Camphor and Allied Products maintained the distribution on the increased capital. Bharat Commerce showed excellent results and declared a dividend of 12 per cent on the increased capital against 15 per cent. Jay Shree Tea stepped up the distribution to 11 per cent against 10 per cent on better sales and profits.

Textiles were subdued on the uncertain outlook for the industry in the current year. Century and Standard declined sharply. Kohinoor also was weak on tired bull unloading. National Rayon declined sharply as the board meeting to decide the dividend was again reported to be postponed.

Steels and engineering were shaded. Telco lost ground. In chemicals, Indian Dyestuff was subdued. Tata Chemicals was fairly steady. Premier Construction was a weak counter and declined sharply. Shippings were quiet, both Scindia and Great Eastern retreating. Cements and sugars were neglected. Cash shares were also affected by the decline in the cleared list and most popular scrips retreated in varying degrees.

THE WEEK'S PRICE RANGE

	Closing quotations 5-5-1971	High	Low	Closing quotations 12-5-1971		Closing quotations 5-5-1971	High	Low	Closing quotations 12-5-1971
FORWARD	Rs.	Rs.	Rs.	Rs.	Miscellaneous	Rs.	Rs.	Rs.	Rs.
Textiles					Bombay Burmah (25)	46 50**	46.00	45.75	46 00**
Ahm. Advance (100)	220 50**	—	—	221 00**	Hindustan Motors	45 75**	—	—	45 75**
Bombay Dyeing (25)	107 00**	39.50	38.50	107 00**	Indian Copper (2 sh.)	12 70**	12.50	12.00	12 00**
Central India (50)	39 75**	—	—	38 75**	Premier Automobiles	4 12**	4.10	3.85*	3 95**
Century (100)	46 75**	—	—	44 50**	Pre. Construction	55 00**	55.00	53.00	53 00**
Dawn (50)	45 50**	806.50	880.50	870 00**	Shivrajpr (10)	55 50**	—	—	55 50**
Elphinstone (50)	880 00**	—	—	880 00**	Shivrajpr Paper (10)	137 00**	137.00	130.00	130 00**
Finlay (100)	157 00**	—	—	157 00**	Tata Oil (25)	170 00**	—	—	170 00**
Gokak (100)	78 50**	158.00	156.50	79 50**	W. Coast Paper (100)	6 70**	6.70	6.70	6 70**
Gwallor Rayon (10)	24 50**	—	—	24 50**	Winco (100)	14 00**	13.24	12.72	13 00**
India United Ord. (10)	81 00**	—	—	81 00**		11 24**	—	—	11 24**
Khatana (100)	171 00**	171.00	163.00	163 00**		72 00**	72.50	71.00	71 00**
Kohinoor (100)	180 00**	—	—	180 00**		85 50**	—	—	85 50**
Morjee (100)	157 00**	—	—	157 00**		170 50**	—	—	170 50**
National Rayon (100)	150 00**	—	—	150 00**		151 00**	152.00	150.50	151 00**
Phoenix (100)	49 75**	41.00	30.50	30 50**		107 00**	—	—	107 00**
Podar (10)	39 50**	1.30	1.28	1 28**		—	—	—	—
Shreenivas (100)	1 20**	—	—	1 20**		—	—	—	—
Simplex (50)	158 00**	160.00	158.00	157 00**		—	—	—	—
Standard (100)	238 00**	240.00	235.00	235 00**		—	—	—	—
Svaleshi (100)	281 50**	—	—	276 00**		—	—	—	—
Swan (100)	275 00**	276.00	275.00	275 00**		—	—	—	—
Tata Mills (25)	543 00**	529.00	517.00	517 00**		—	—	—	—
	71 00**	71.00	70.00	70 00**		—	—	—	—
	9 00**	9.92	9.88	9 88**		—	—	—	—
	10 60**	—	—	10 60**		—	—	—	—
	129 00**	127.00	125.00	126 00**		—	—	—	—
	140 00**	—	—	140 00**		—	—	—	—
	148 00**	—	—	148 00**		—	—	—	—
	152 00**	148.00	137.00	138 00**		—	—	—	—
	32 00**	32.25	30.50*	30 50**		—	—	—	—
	34 50**	—	—	34 50**		—	—	—	—
Electric						—	—	—	—
Ahmedabad (100)	105 00**	104.00	101.00	101 00**		—	—	—	—
Andhra Valley (100)	107 50**	—	—	107 50**		—	—	—	—
B. Suburban (100)	150 50**	156.50	155.50	155 50**		—	—	—	—
Tata Hydro (100)	121 00**	121.00	120.50	121 00**		—	—	—	—
Tata Power (100)	121 00**	—	—	121 00**		—	—	—	—
	180 50**	—	—	180 50**		—	—	—	—
	140 50**	155.00	153.00	154 00**		—	—	—	—
	141 75**	—	—	141 75**		—	—	—	—
Steel						—	—	—	—
Indian Iron (10)	12 12**	12.12	12.00	12 04**		—	—	—	—
Mukand (10)	16 40**	—	—	16 40**		—	—	—	—
Tata Steel (75)	20 00**	20.00	18.88	18 88**		—	—	—	—
	104 00**	104.25	101.75	101 75**		—	—	—	—
	103 75**	—	—	103 75**		—	—	—	—
Engineering						—	—	—	—
Alecek (100)	44 50**	—	—	44 50**		—	—	—	—
Cooper (100)	46 00**	—	—	46 00**		—	—	—	—
Larsen & Toubro (10)	98 00**	24.52	23.70	23 70**		—	—	—	—
Tata Eng. & Loco	23 88**	—	—	23 88**		—	—	—	—
(100)	10 32**	260.25	241.50	241 50**		—	—	—	—
SLM—Manekial (100)	249 00**	262.50	258.00	261 25**		—	—	—	—
Volta (100)	228 00**	225.00	221.00	225 00**		—	—	—	—
	260 00**	—	—	260 00**		—	—	—	—
	232 50**	—	—	232 50**		—	—	—	—
	225 00**	—	—	225 00**		—	—	—	—
	234 00**	—	—	234 00**		—	—	—	—
Dyes & Chem.						—	—	—	—
Amar Dye-Chem.	240 00**	240.00	235.00	235 00**		—	—	—	—
(100)	207 00**	—	—	207 00**		—	—	—	—
Indian Dyestuff (100)	334 50**	334.50	327.00	327 00**		—	—	—	—
Polychem (50)	832 00**	834.00	827.00	827 00**		—	—	—	—
Tata Chemicals (10)	139 00**	140.00	134.00	134 00**		—	—	—	—
	123 00**	81.75	80.50	80 25**		—	—	—	—
	30 25**	—	—	30 25**		—	—	—	—
Shipping						—	—	—	—
Great Eastern (10)	38 75**	40.50	38.50	38 50**		—	—	—	—
Scindia (20)	30 75**	—	—	30 75**		—	—	—	—
	21 00**	21.04	20.52	20 52**		—	—	—	—
	25 05**	—	—	25 05**		—	—	—	—
Cement						—	—	—	—
A.C.C. (100)	136 50**	136.50	133.50	133 50**		—	—	—	—
Orissa (10)	150 00**	18.60	18.28	18 40**		—	—	—	—
Shree Digvijay (100)	11 85**	—	—	11 85**		—	—	—	—
	155 00**	160.00	155.00	155 00**		—	—	—	—
	138 00**	—	—	138 00**		—	—	—	—
Sugar						—	—	—	—
Belapur (50)	84 50**	—	—	84 50**		—	—	—	—
Maharashtra (50)	87 50**	98.00	95.00	95 00**		—	—	—	—
Phaltan (50)	98 00**	—	—	98 00**		—	—	—	—
Walchandnagar (100)	136 00**	—	—	136 00**		—	—	—	—
	70 00**	—	—	70 00**		—	—	—	—
	91 50**	65.50	65.00	65 00**		—	—	—	—
	105 00**	—	—	105 00**		—	—	—	—

* Ex-dividend.

† Cum-right.

‡ Ex-right.

•• Business for Hand Delivery.

†† Squaring up Deals.

Note: Figures within brackets indicate the paid-up value of shares.

Wherever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

COMMODITIES

Cotton down on poor inquiry

BOMBAY, May 5

A perceptible decline in prices was noticed in the cotton market during the last week in the wake of poor inquiries. While buyers were hard pressed to finance their cotton purchases, the sellers were rather keen in disposing of their goods. But the transactions remained thin both on account of financial limitations as also due to the absence of fairly good quality cotton with the sellers. As a consequence, the price-fall ranged from Rs 30 to Rs 150 per candy. Only isolated lots of Berar L 147 and Khandesh were able to maintain their previous week's levels.

Reports from upcountry centres also indicated that the spinners were waiting on the side-lines, anticipating a further fall in values, before making sporadic purchases. Reports that the Maharashtra Apex Co-

operative Marketing Federation is saddled with unsold stocks valued at Rs 1 crore also acted as a damper both in the local market as well as in Gujarat.

The following has been the trend of prices of some of the leading varieties:

		(Rs per candy)	
		For the week ended May 12	For the week ended May 5
Khandesh ..	..	2,100	2,100
Berar AK ..	..	2,100	2,100-2,150
Digvijay Dabhoi ..	..	2,881	2,951
Berar L. 147 ..	..	2,400	2,400
Manavdar Co. 2 ..	..	2,550	2,625
Kalyan 797 ..	..	1,980-2,045	2,075
Kala ..	..	1,500	1,650
Wagad ..	..	1,650	1,750

In the import section also limited interest was noticed, both in global and American cotton under PL 480, due to inhibitions provided by the credit curbs. In fact, Rs 5 crores worth of cotton is lying uncleared at the Bombay Docks. Meanwhile, there is speculation here whether some extra supplies of cotton could not be had from the United Arab Republic which is at present in dire need of rupees to correct the imbalance in trade between the two countries. An official delegation is presently in India to negotiate possibilities of adjustment in the bilateral trade agreement between India and UAR to help Egypt tide over the present crisis.

Total imports as on April 17 are placed at 2,10,389 bales against 4,67,988 bales. Egyptian cotton imports have amounted to only 40,895 bales against 53,476 bales.

In the export section, foreign inquiries for Bengal Deshi continued to be confined to stray choice lots. Cotton registered for exports, as on May 1, is placed at 1,48,368 bales against 1,90,794 bales.

YARNS DECLINE

BOMBAY, May 12

The trading activity in the yarns market was characterised by the decline in prices of yarns during the past week. The supplies in the market were larger than required to meet the waning demand. Nylon yarn prices were easy and staple yarn was subdued. Superior quality cotton yarn was slightly better.

In the art silk yarns section, 120D National Rayon lost 13 paise to Rs 18.74 per kg. However, 150D Bright Century gained 13 paise to Rs 16.60. Similarly, 150D National Rayon at Rs 16.95, recorded a rise of 42 paise. This improvement in the prices of 150 deniers was mainly due to short supply of this variety in relation to its demand. 100D Bright South India receded by 13 paise to Rs 22.05 during the past week. Staple fibre yarn (2 x 34 nF) Spot Kiran remained unchanged at Rs 11.29.

JUTE RECEDES

CALCUTTA, May 11

A steady decline in prices of both jute manufactures and raw jute was the characteristic feature last week. This followed Government's displeasure at the rising trend in prices as well as its earnestness to prevent any exploitation by bulls of the situation caused by the acute world shortage for jute goods as a result of stoppage of supplies from Bangla Desh.

The prospect of efforts to neutralise the shortage encouraged overseas buyers to desist from entering into forward commitments. On the heels of the announcement of the rise already announced by the India-UK-Continent Conference lines, a 5 per cent rise on gunny shipments has been decided upon, effective from July 1, by the East Coast of India/West Asia (Gulf) Conference lines.

During the last week, the volume of business concluded was more encouraging than the previous week, and the fall in quotations attracted more buyers. Business was transacted with East Africa, West Africa, Syria, the UK and Argentina. Good interest was also shown by buyers with commitments to export to River Plate destinations. B. twills slipped from Rs 267.50 to Rs 260.25 and hessian 40" 10 oz. from Rs 98.25 to Rs 93.50, but by the weak-end prices staged a partial recovery, to Rs 263 and Rs 94.50, respectively.

Excellent weather was again in evidence in jute districts with good sunshine after summary showers, and jute plants are growing "violently". The crop is not only expected to be a bumper one but an early one too. Holders continued to liquidate their inventories taking down Assam bottoms from Rs 59 to Rs 56.50 per maund, daissee bottoms from Rs 60.50 to Rs 58, and northern bottoms from Rs 57 to Rs 54.50.

OILSEEDS FIRM

BOMBAY, May 12

Oilseeds and oils showed firmness in the early part of the week on persistent bull support and nervous short-covering. Firm

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spot and upcountry advices aided the bullish tempo. There was sustained buying inquiry from crushers, millers and industrial users, and the paucity of supplies induced a hardening tendency. Both forward castor and linseed recorded good gains, while spot rates were also better.

Ready groundnut oil advanced despite the signing of a fresh agreement for import of vegetable oils under PL-480. However, as the week advanced, the tendency turned quiet and prices declined on lower upcountry advices.

In castor the arrivals were limited and prices advanced. Castor oil also improved owing to demand from shippers.

Linseeds were firm on poor arrivals. Bears preferred to cover in view of the rise in ready groundnut oil. Bulls too refrained from adding to their bullish position owing to margins being above Rs 155.

Activity in cakes was very limited. Export inquiries were poor, but prices were better in sympathy with the rise in seeds and oils.

Comparative prices in rupees were:

Item	5-5-1971	12-5-1971
Castor June ..	125.25	126.25
Linseeds July ..	164.00	155.25
G. Nuts Khandesh ..	183.00	182.00
G. Nut oil ..	41.60	41.00
Castor Madras Small ..	127.00	131.00
Castor Comm. oil ..	28.00	28.50
Castor B.S.S. oil ..	30.50	31.25
Linseeds Bold ..	152.00	151.00
Linseed oil ..	33.75	34.25

GOOD SUPPORT FOR TEA

CALCUTTA, May 11

Good support was the feature of last week's auctions held here. The weakening trend in London sales, where Assam teas came in for selective buying to push down the prices, was noted here with concern. Although the British per capita consumption is on the decline, the behaviour in the London auctions continues to influence the price trend elsewhere including Calcutta auctions. In other words, in the interests of the tea industry, it is necessary to put down re-exports from the UK. That the British tea trade is indifferent to efforts to arrest the declining per capita consumption in the UK is indicated in as much as the British Tea Council was quoted by the Ceylon Tea Propaganda Board as having effected a cut from the budget for promotional campaigns. In view of this, if London auctions' influence in determining the world trend is to be neutralised, producing countries must join and increase exports to European and other countries which have fortunately shown a rising per capita consumptional trend.

Leaf on offer during last week's export sale totalled 8,921 chests including 1,857 old chests. Demand was only fair, and generally an easing trend was recorded. While the few old season's teas sold well, all new teas eased. Thus Darjeelings were a weak feature with orthodox teas following suit, but the few bright liquoring fannings sold well. CTC brokens depreciated much, with fannings being neglected. No quotations were issued in view of the limited quantity on offer.

The internal sale had on offer 13,875 packages of dusts, which in contrast to the leaf sale met with a good general demand, though at lower prices. In CTCs, plainer ones and fibrous teas eased, but others were steady. Orthodox and legg-cut teas were sold at declining rates. The quotations per 1 kg inclusive of excise duty were: good Assam CTC dust Rs 6.50 to 6.90, medium CTC dust 6.10 to 6.40, plain CTC dust 5.30 to 5.80, plain orthodox dust 4.70 to 5.10, and medium Assam dust, legg-cut dust, and best Assam CTC dust—not quotable.

FOODGRAINS MOVE UP

BOMBAY, May 11

In the local foodgrains market, the prices of foodgrains generally moved up during the past week. In cereals, the prices of wheat (Pusa variety) declined by about Rs 2 to Rs 32-35 per quintal on account of heavy arrivals. Demand was also good. Daily arrivals of wheat were placed at 1,150 bags. In coarse grains, the prices of bajra

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Edited by

K. S. GUPTA, F.R.S.A. (Lond.), Director, Indian Labour Bureau.

It's an old proverb :

"Capture the OCEAN in the modest limits of a POT."

You will find it to be true in the case of this GUIDE

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WHAT ARE YOUR RESPONSIBILITIES TO THE MANAGEMENT?

WHAT ARE YOUR RESPONSIBILITIES TO THE WORKERS?

HOW CAN YOU DEVELOP TEAMWORK?

HOW CAN YOU MAKE SURE YOUR WORKERS GET A SQUARE DEAL?

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(superior) rose rather sharply by Rs 5 to Rs 60-70 per quintal owing to the poor inflow in the face of good demand. The prices of maize at Rs 63-64 per quintal showed a rise of Rs 3-4 on account of short supplies. Further, upcountry advices were encouraging. In pulses, the prices of gram (Punjab) also moved up by Rs 3 to Rs 85-86 per quintal on account of poor arrivals. The prices of urad (Khandesh New) at Rs 148-152 per quintal showed no change. The prices of tur (Berar White) spurted by Rs 5 to Rs 115-117 per quintal due to the heavy demand in the face of lower arrivals. The prices of moong (Chinal) firmed up sharply by Rs 10 to Rs 230-260 per quintal. This rise was attributed to heavy demand and encouraging advices from Gujarat and Rajasthan in the face of dwindling supplies.

SUGAR STEADY

BOMBAY, May 11

In the local sugar market, the prices of sugar (C-30) at Rs 194 per quintal remained steady during the past week. While the daily arrivals were 700 bags, the offtake was slightly higher at 800 bags. The sugar mills in the State were reluctant sellers. During the week, about 50,000 bags were sold by the co-operative sugar factories in Maharashtra at higher ex-mill rates, ranging from Rs 191 to Rs 195 and Rs 192 to Rs 197 per quintal for D-30 and C-30 grades respectively.

EASY TREND IN FOODGRAINS

HAPUR, May 10

A quiet to easy trend was witnessed in foodgrain prices during the past week. Pressure of arrivals of new produce in the market, coupled with restricted banking facilities to stockists were the main governing factors. Threshing and winnowing operations have been hampered in the later part of the week due to inclement weather but no substantial damage to the crop has been reported in this area. A bumper wheat rabi crop has been reported. Daily arrivals which had mounted to an average of 12,000 maunds in the earlier part of the week shrunk to 7,000 maunds due to adverse weather.

Wheat average is now quoted at Rs 72.50 to Rs 75 and superior farm at Rs 77.50 to Rs 80 per quintal and red Mexican variety is being traded at around Rs 70 a quintal.

INCREASED DEMAND FOR SUGAR

HAPUR, May 11

Sugar prices displayed a steady trend during the past week on increased demand for the marriage season and summer requirements. Inquiries were also reported from Punjab and Haryana and mills were reported hesitant sellers. The sugar production season is gradually coming to a close and week-end prices were: Rs 178 to Rs 180 per bag for inferior and Rs 190 to Rs 194 for superior variety. Mill delivery prices for some of the varieties were:—B 30 Mansurpur Daurala Rs 200, Iqbalpur Khatauli Rohana Rs 199, Lhaksar and Shamli Rs 198, C 30 Deoband Rs 197, C 29 Meerut Rs 181.50, Amroha Rs 179, E 29 Simbhauli Rs 185, Bulandshar Rs 181.

METALS WEAK

CALCUTTA, May 11

Satisfaction with the new import policy, which promises the availability of adequate supply of scarce industrial raw materials, including base metals such as copper and zinc, was reflected in last week's trend in the base metal market where prices of scrap eased. The easing was recorded despite the tight supply position of these scraps and the reserve displayed by holders from responding to offers. The continued fall in the world quotation for copper was also a stimulant to encourage industrial consumers to be content with finding their day-to-day requirements of non-ferrous scrap only. On the London Metal Exchange, continuing the drift, copper wire-bar in the last week touched a new low of £476 since the settling in of the recent recovery. The down-trend was precipitated by heavy liquidation in the New York market, where the price fell from 53.10

cents per lb to 52.30. By the week-end, however, the LME price recovered to £484.50.

An uncertainty that loomed large was the doubt whether the Copper Control Order recently issued by the Government of India applied to the non-ferrous semi-manufacturing industry also. Although urgent clarification has already been sought from the proper authority, it was thought here that the Order would not apply when once the Minerals and Metals Trading Corporation, the sole importer and distributor of scarce metals, made over the supply of copper to producers. There was apparently dissatisfaction among the industry circles in the provision in the Control Order empowering the police to search. In the absence of technical knowledge on the part of the police, this provision, it was thought, would only lead to the embittering of the relations between Government and manufacturers.

In subdued activity, clean copper wire scrap eased from Rs 1,430 to Rs 1,400 per 100 kgs. mixed scrap from Rs 1,370 to Rs 1,350 and utensil scrap from Rs 1,390 to Rs 1,360. Alloy-makers were in no hurry to enter the market, and this was evident from the fall in honey quality brass scrap from Rs 1,015 to Rs 1,000 and brass sheet cutting scrap from Rs 1,030 to Rs 1,000. It was realised in the market that the Copper Control Order is aimed to raise the consumption of aluminium by cable manufacturers and thus save copper for industrial purposes. Thanks to larger imports, the MMTC has announced a small reduction in the price of copper, zinc, tin and lead for the present quarter. The improvement in supplies caused zinc, lead and tin to remain unchanged at Rs 470, Rs 455 and Rs 4,800.

KIPS STEADY

MADRAS, May 8

There was no appreciable change in the local or foreign markets. Inquiries were steady and as prices were held firm at both ends volume of business placed was not appreciable. Importers were finding Madras price levels uneconomical. Demand for tanned cow hides inferior fifths grade in light and medium weights was sustained and sellers were reserved due to well sold forward position. Top marks in cow calf better selections were in request, with no sellers. Buff calf ruled quiet.

Due to high prices quoted, traditional buyers of goat skins slowed down their inquiries. The prime sheep skins market was also dull for similar reason. Wool sheep skins suitable for suede selection had good call but stocks were not available. Market sheep ruled firm, due to poor arrivals.

SILVER EASY, GOLD DEAR

BOMBAY, May 12

Gold prices reached a new all-time peak on the Bombay bullion market during the past week. The firmness was due to the tight supply position and the rising trend of gold in the international markets. The recent crisis in the West European exchange markets had also its influence. Silver, however, showed an easy trend in the absence of any buying activity. Rumours of arrival of smuggled silver from Pakistan and Nepal kept buyers away from the markets.

Silver .996 fineness, which opened at Rs 596 in the beginning of the week, closed at Rs 585.75 losing Rs 10.25 over the week. Primary gold opened at Rs 189 and went up to Rs 192 to close at Rs 190 gaining a rupee. Standard gold started at Rs 199 and closed at Rs 203, gaining Rs 4 over the week. Sovereign was steady at Rs 174.

MONEY STRINGENT

BOMBAY, May 12

Stringent conditions continued to prevail in Bombay's short-term money market in the past week. The call rate ruled at 6 per cent. In Calcutta all renewals were effected at 5½ per cent.

Ninety-one day's Government of India treasury bills sold from May 3 to 8 amounted to Rs 35.81 crores against Rs 11.76 crores in the previous week.

During the week ended April 30, foreign exchange reserves of the Reserve Bank of India increased by Rs 1.86 crores to Rs 369.19

crores, while foreign securities remained unchanged at Rs 293.42 crores, balances held abroad rose to Rs 75.77 crores from Rs 73.91 crores. Notes in circulation declined by Rs 12.65 crores to Rs 4,330.95 crores.

The week ended April 30 recorded a decline of Rs 40.23 crores at Rs 4,659.03 crores in the total credit made available by scheduled commercial banks. Aggregate deposits came down by Rs 5.43 crores to Rs 5,971.84 crores. Borrowings from Reserve Bank were lower at Rs 190.68 crores (Rs 195.84 crores).

Notices

HERCULES INSURANCE COMPANY LIMITED

(Incorporated in India)

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirty-sixth Annual General Meeting of the HERCULES INSURANCE COMPANY LIMITED will be held at the Registered Office at Dare House Extension, Fourth Floor, 2/1, North Beach Road, Madras-1, on Monday the 21st day of June, 1971, at 3 p.m. to transact the following business:—

1. To consider the Accounts, Balance Sheet and the Reports of the Board of Directors and Auditors for the year ended 31st December, 1970.
2. To declare a Dividend.
3. To appoint Directors in place of those retiring.
4. To appoint Auditors and fix their remuneration.

The Register of Members will be closed from the 10th June, 1971 to the 21st June, 1971, inclusive.

By Order of the Board,

HERCULES INSURANCE COMPANY LIMITED

P. C. SEKHAR

Managing Director.

Registered Office:

DARE HOUSE EXTENSION,
FOURTH FLOOR,
2/1, NORTH BEACH ROAD,
MADRAS-1.

10th May, 1971.

NAGA HILLS TEA COMPANY LIMITED

NOTICE

THIS IS TO NOTIFY THAT THE Directors of the Company have decided to recommend to the forthcoming Annual General Meeting of the Company payment of dividend at Re 1 per share i.e. 10 per cent for the year ended 31st December, 1970 subject to deduction of tax.

By Order of the Board,

Per Pro. DHANUKA INDUSTRIES (P) LTD.,

N. L. BHUWANIA

Secretaries.

CALCUTTA,

The 30th April, 1971.

THE PEERMADE TEA COMPANY LIMITED

Registered Office:

Asplawall Building, Calvetty, Cochin-1

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirty-third Annual General Meeting of the Shareholders of the above Company will be held on Friday, the 4th June 1971 at 11 a.m. at the Registered Office of the Company to transact the ordinary and special business specified in the detailed notice.

Notice of the meeting with the Agenda and Explanatory statement pursuant to Section 173 of the Companies Act 1956 in respect of Special business has been sent to individual Members along with Balance-Sheet and Annual Report by post.

The Directors have recommended a Final dividend of 6½ per cent on Equity shares which, if declared, will be paid on or after 5th July 1971 to those shareholders whose names appear in the Company's Register on the 4th June 1971 or to their mandatees.

The Transfer Books and Register of Members of the Company will remain closed from 20th May 1971 to 4th June 1971, both days inclusive.

By Order of the Board,

A. D. PEACOCK

Director.

COCHIN-1,
5th May, 1971.

NAGA HILLS TEA COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifty-third Annual General Meeting of NAGA HILLS TEA COMPANY LIMITED will be held at the Registered Office of the Company at 19, R. N. Mukherjee Road, Calcutta-1 on Monday the 14th June, 1971 at 3 p.m. to transact the following business:—

1. To receive and adopt the Directors' Report and audited Accounts for the year ended 31st December, 1970.
2. To declare dividend.
3. To elect Director in place of the retiring.
4. To appoint Auditors and to fix their remuneration.

The Register of Members and the Share Transfer Books of the Company will be closed from 10th to 14th June, 1971 both days inclusive pursuant to Section 154 of the Companies Act, 1956.

By Order of the Board,

Per Pro. DHANUKA INDUSTRIES (P) LTD.,

N. L. BHUWANIA

Secretaries.

CALCUTTA,
The 30th April, 1971.

N.B.—A Member entitled to attend and vote at the meeting is entitled to ap-

point a proxy to attend and vote in his stead. The proxy need not be a Member of the Company.

Dividend, as recommended by the Directors, if approved at the Annual General Meeting, will be paid to those whose names are on the Company's Register on the 14th June, 1971 or to their mandatees.

JAY SHREE TEA & INDUSTRIES LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Twenty-fifth Annual General Meeting of the Shareholders of this Company will be held on 25th June, 1971 at 3-30 p.m. at Hotel Hindustan International, 235/1, Acharya Jagadish Bose Road, Calcutta and its agenda has been/will be duly circulated to all the Members of the Company in time

along with the relevant explanatory statement thereon.

NOTICE is also hereby given that if due to lack of quorum the above meeting stands adjourned for a week to be held at the same time as provided for in Section 174(4) of the Companies Act, 1956, the adjourned meeting will take place at the Head Office of the Company at New Link Road, Jhandewalan Extn., New Delhi-55.

The Equity Share Transfer Registers (Registers of Members) will remain closed from 15th June, 1971 to 25th June, 1971 both days inclusive for the purpose of payment of dividend.

By Order of the Board,

For JAY SHREE TEA & INDUSTRIES LIMITED,

B. P. KEDIA
President.

Registered Office:

"INDUSTRY HOUSE"
10, CAMAC STREET,
CALCUTTA-17.

Dated, the 6th May, 1971.

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a reality
tomorrow*

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TATA CHEMICALS LIMITED



STATISTICS

CENSUS 1971: MAHARASHTRA

Table 1 : District-wise basic population data

District	Population				Density of population per sq km		Sex ratio (females per '000 males) 1971
	1971	Percentage to total	Decadal increase (per cent)		1961	1971	
			1951-61	1961-71			
1. Greater Bombay	59,31,989	11.8	38.7	42.8	6,886	9,837	721
2. Poona	31,72,437	6.3	26.4	28.6	158	203	932
3. Nasik	23,64,594	4.7	29.8	27.5	119	152	941
4. Thana	22,75,738	4.5	28.9	37.7	173	238	894
5. Ahmednagar	22,64,646	4.5	25.9	27.5	104	133	957
6. Sholapur	22,50,806	4.5	23.6	21.0	124	150	936
7. Jalgaon	21,22,973	4.2	20.0	20.3	150	180	948
8. Kolhapur	20,42,290	4.1	22.1	27.9	198	253	960
9. Ratnagiri	19,91,996	4.0	6.7	9.0	140	153	1,250
10. Aurangabad	19,57,701	3.9	29.9	27.8	95	121	946
11. Nagpur	19,47,170	3.9	22.6	29.1	152	196	924
12. Osmanabad	18,88,624	3.8	22.1	27.8	105	134	947
13. Satara	17,19,876	3.4	21.5	20.3	136	164	1,044
14. Dhulia	16,61,325	3.3	27.4	23.0	103	126	957
15. Chandrapur	16,28,722	3.2	17.6	31.6	48	64	972
16. Bhandara	16,13,409	3.1	18.3	26.8	138	175	989
17. Amravati	15,42,759	3.1	19.6	25.1	101	126	932
18. Sangli	15,35,575	3.1	23.3	24.8	144	179	952
19. Akola	14,98,448	3.0	25.1	26.0	113	142	942
20. Parbhani	14,88,271	3.0	19.3	23.4	97	119	961
21. Yotmal	14,20,758	2.8	17.9	29.3	79	102	963
22. Nanded	13,90,096	2.7	22.2	28.8	103	132	956
23. Bhir	12,84,193	2.6	21.2	28.2	89	114	955
24. Buldana	12,61,188	2.5	21.8	19.0	109	129	956
25. Kolaba	12,61,139	2.5	16.5	19.1	147	175	1,058
26. Wardha	7,78,858	1.5	17.7	22.7	101	123	951
MAHARASHTRA	5,02,95,081	100.0	23.6	27.2	129	163	933

NOTE : Districts are ranked by population.

SOURCE : Director of Census Operations, Maharashtra, Census of India 1971, Series 11, Paper 1 of 1971, Provisional Population Totals, 1971.

Table 2 : District-wise trends in literacy—1961 and 1971

Rank in		District	Literacy percentage			
1961	1971		1961	1971	Percentage increase during 1961-71	Per cent point
1	1	Greater Bombay ..	58.8	64.0	9.2	5.4
4	2	Jalgaon ..	34.0	45.2	32.9	11.2
2	3	Nagpur ..	35.2	45.1	28.1	9.9
3	4	Poona ..	34.3	44.3	29.2	10.0
6	5	Amravati ..	33.7	42.1	24.9	8.4
7	6	Wardha ..	30.5	41.6	36.4	11.1
7	7	Thana ..	30.5	40.4	32.5	9.9
6	8	Akola ..	31.2	39.0	27.9	8.7
8	9	Ratnagiri ..	28.5	39.5	38.6	11.0
4	10	Satara ..	34.0	38.0	11.8	4.0
10	11	Buldana ..	27.0	37.6	39.3	10.6
9	12	Sangli ..	28.1	37.1	32.0	9.0
12	13	Ahmednagar ..	26.5	36.3	37.0	9.8
11	14	Nasik ..	26.9	36.2	34.6	9.3
15	15	Kolaba ..	24.0	35.2	43.1	10.6
13	16	Kolhapur ..	26.3	35.2	33.8	8.9
14	17	Sholapur ..	25.2	34.0	34.9	8.8
16	18	Bhandara ..	24.0	33.8	40.8	9.8
14	19	Dhulia ..	25.2	31.6	26.2	6.6
17	20	Yeotmal ..	23.5	31.6	34.5	8.1
20	21	Osmanabad ..	17.1	28.1	64.3	11.0
18	22	Aurangabad ..	17.9	28.0	56.4	10.1
19	23	Chandrapur ..	17.3	26.6	53.8	9.3
21	24	Parbhani ..	15.4	24.4	58.4	9.0
22	25	Bhir ..	15.1	24.1	59.6	9.0
22	26	Nanded ..	15.1	22.4	48.3	7.3
		MAHARASHTRA ..	29.8	39.1	31.2	9.3

SOURCE : Director of Census Operations, Maharashtra, Census of India 1971, Series 11, Paper 1 of 1971, Provisional Population Totals, 1971.

Table 3 : Cities with a population of one lakh and above

City	Population 1971	Percentage increase during 1961-71	Sex ratio (females per '000 males)
Greater Bombay ..	59,31,989	42.87	721
Nagpur ..	8,68,147	34.88	900
Poona ..	8,53,226	40.62	879
Sholapur ..	3,08,122	17.93	911
Kolhapur ..	2,58,829	38.08	884
Amravati ..	1,93,336	40.23	879
Malegaon ..	1,91,784	57.97	928
Nasik ..	1,74,615	33.19	906
Thana ..	1,70,167	68.30	779
Akola ..	1,68,460	45.53	877
Ulhasnagar ..	1,67,876	55.79	883
Aurangabad ..	1,50,514	71.86	827
Ahmednagar ..	1,47,195	23.67	843
Dhulia ..	1,37,089	38.62	886
Nanded ..	1,26,400	55.88	875
Sangli ..	1,15,052	55.82	871
Jalgaon ..	1,06,715	32.81	891

SOURCE : Director of Census Operations, Maharashtra, Census of India 1971, Series 11, Paper 1 of 1971, Provisional Population Totals, 1971.

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	30-4-1971	23-4-1971	1-5-1970
Issue Department			
Notes held in Banking Department ..	4.15	17.65	18.53
Notes in circulation ..	4,330.95	4,343.60	3,859.03
Total notes issued ..	4,335.10	4,361.25	3,977.56
Gold coin and bullion ..	182.53	182.53	182.53
Foreign securities ..	293.42	293.42	336.42
Rupce coin ..	46.24	47.59	61.11
Government of India rupee securities ..	3,812.91	3,837.70	3,397.50
Banking Department			
Deposits of Central Government ..	225.44	308.41	173.38
Deposits of State Governments ..	4.46	3.12	3.32
Deposits of Scheduled Commercial Banks ..	215.32	191.02	174.49
Deposits of Scheduled State Co-operative Banks ..	10.37	9.92	7.99
Deposits of Non-Scheduled State Co-operative Banks ..	0.80	0.70	0.64
Deposits of other banks ..	0.37	0.34	0.23
Other Deposits ..	78.74	80.43	109.74
Other liabilities ..	689.02	675.02	626.24
Total liabilities or assets ..	1,225.11	1,269.94	1,096.82
Notes and coins ..	4.23	17.72	18.68
Balance held abroad ..	75.77	73.91	149.59
Loans and advances to—			
(i) Central Government ..	—	—	—
(ii) State Governments ..	427.14	484.36	215.41
Loans and advances to Scheduled Commercial Banks ..	190.68	195.84	254.62
Loans and advances to State Co-operative Banks ..	266.90	269.85	244.32
Other loans and advances ..	35.30	37.24	9.02
Bills purchased and discounted ..	32.82	27.46	34.06
Investments ..	142.38	115.49	120.00
Other assets ..	49.90	48.06	50.31

Note: The gold reserves of Issue Department are valued at Rs 53.58 per 10 grams upto January 31, 1969 and at Rs 84.39 per 10 grams thereafter.

COST OF LIVING INDEX : 1970 (Base: 1960=100)

Centre	Industrial workers			Urban non-manual employees		
	Oct.	Nov.	Dec.	August	Sept.	Oct.
Ahmedabad ..	181	177	177	172	176	173
Ajmer ..	186	N.A.	N.A.	174	N.A.	N.A.
Alwaye ..	200	199	197	(a)	(a)	(a)
Amritsar ..	198	N.A.	N.A.	189	N.A.	N.A.
Bangalore ..	188	191	190	172	173	174
Bombay ..	183	183	183	168	169	171
Calcutta ..	190	190	185	173	174	175
Delhi ..	204	202	202	175	175	176
Digboi ..	194	196	195	(a)	(a)	(a)
Gwalior ..	195	193	186	198	N.A.	N.A.
Hyderabad ..	193	192	191	174	175	176
Jamshedpur ..	189	190	181	(a)	(a)	(a)
Kanpur ..	193	N.A.	N.A.	177	N.A.	N.A.
Madras ..	174	175	174	175	177	178
Nagpur ..	190	191	191	169	N.A.	N.A.
Patna ..	(a)	(a)	(a)	192	194	194
Sambalpur ..	202	N.A.	N.A.	179	N.A.	N.A.
Shillong ..	(a)	(a)	(a)	169	167	171
Srinagar ..	172	N.A.	N.A.	179	182	185
Trivandrum ..	(a)	(a)	(a)	178	180	180
Yamunanagar ..	198	N.A.	N.A.	(a)	(a)	(a)
All-India ..	189	189	106	175	176	177
All-India (corresponding month of 1969) ..	178	177	177	169	169	168

(a) The original source of data does not cover this centre.

MONEY RATES*

	1971			1970
	Apr. 30	Apr. 23	Apr. 16	May 1
Reserve Bank of India (Bank Rate) ..	6	6	6	5
Selected Major Scheduled Commercial Banks†				
Call money from Banks:				
Bombay ..	6.00	6.00	9.02	6.44
Calcutta ..	..	5.75	7.75	5.46
Madras ..	..	..	..	6.68

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.
† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	For the week ended (Friday)		
	30-4-1971	23-4-1971	1-5-1970
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	147.30	143.85	123.78
(ii) From others ..	2,650.59	2,654.23	2,245.63
(b) Borrowings from banks ..	31.64	36.29	28.58
(c) Others ..	155.90	150.64	134.91
2. Time liabilities—			
(a) Time deposits—			
(i) From banks ..	31.06	33.82	40.64
(ii) From others ..	3,321.25	3,323.02	2,842.63
(b) Borrowings from banks ..	9.25	11.62	6.77
(c) Others ..	43.67	42.26	30.31
3. Aggregate deposits (1) (a) (ii) + (2) (a) (ii) ..	5,971.84	5,977.27	5,088.26
4. Borrowings from Reserve Bank ..	190.68	195.84	254.62
(a) Against usance bills and/or promissory notes ..	103.96	108.34	84.22
(b) Others ..	86.72	87.50	170.40
5. Borrowings from State Bank and/or a notified Bank and the State Governments ..	48.12	45.72	54.24
6. Cash ..	165.37	167.43	140.66
7. Balances with Reserve Bank ..	197.50	189.28	177.09
8. Cash and balances with Reserve Bank ..	262.87	356.71	318.34
9. 8 as per cent of 8 ..	6.08	5.97	6.26
10. Balance with other banks in current account ..	66.76	75.46	53.19
11. Money at call and short notice ..	30.93	32.10	41.53
12. Investments in Government securities ..	1,359.80	1,373.22	1,167.88
13. 12 as per cent of 3 ..	22.77	22.97	22.95
14. Advances—			
(a) Loans, cash credits and overdrafts ..	3,691.53	3,726.87	3,373.11
(b) Due from banks ..	30.04	31.71	36.19
15. Inland bills purchased and discounted ..	780.19	765.93	508.44
16. Foreign bills purchased and discounted ..	207.31	206.46	191.00
17. Total Bank Credit (14) (a) + 15 + 16 ..	4,659.03	4,699.26	4,070.55
18. 17 as per cent of 3 ..	78.02	78.62	80.00

MONEY SUPPLY WITH THE PUBLIC

(Rs in crores)

	April 23, 1971	Variation over the latest		
		Week	Month	Year
Money Supply with the Public ..	7,312	— 30	247	756
Currency with the Public ..	4,612	— 47	137	374
Deposit Money with the Public ..	2,800	17	110	382
Factors affecting Money Supply				
Net Bank Credit to Government Sector ..	5,552	13	307	716
Net Bank Credit to Commercial Sector ..	2,075	— 14	— 53	230
Net Foreign Exchange Assets of Banking Sector ..	543	—	17	— 67
Other factors ..	— 853	— 29	24	— 123

RBI INDEX NUMBERS OF SECURITY PRICES

(1961-62=100)

Groups	Week ended		
	1-5-1971	3-4-1971	2-5-1970
Debentures—All-India ..	93.1	93.2	93.6
Preference Shares All-India ..	85.3	85.8	88.3
Variable Dividend Industrial Securities			
Agriculture and Allied Activities ..	88.2	88.7	87.4
Mining and Quarrying ..	54.2	54.4	55.5
Processing and Manufacturing ..	97.5	96.8	95.5
All-India—Total ..	100.7	99.9	98.5
Regional			
Bombay ..	112.4	112.9	112.2
Calcutta ..	96.5	95.0	92.5
Madras ..	88.6	88.0	87.0
Ahmedabad ..	79.2	79.8	83.0
Delhi ..	115.5	112.5	110.4

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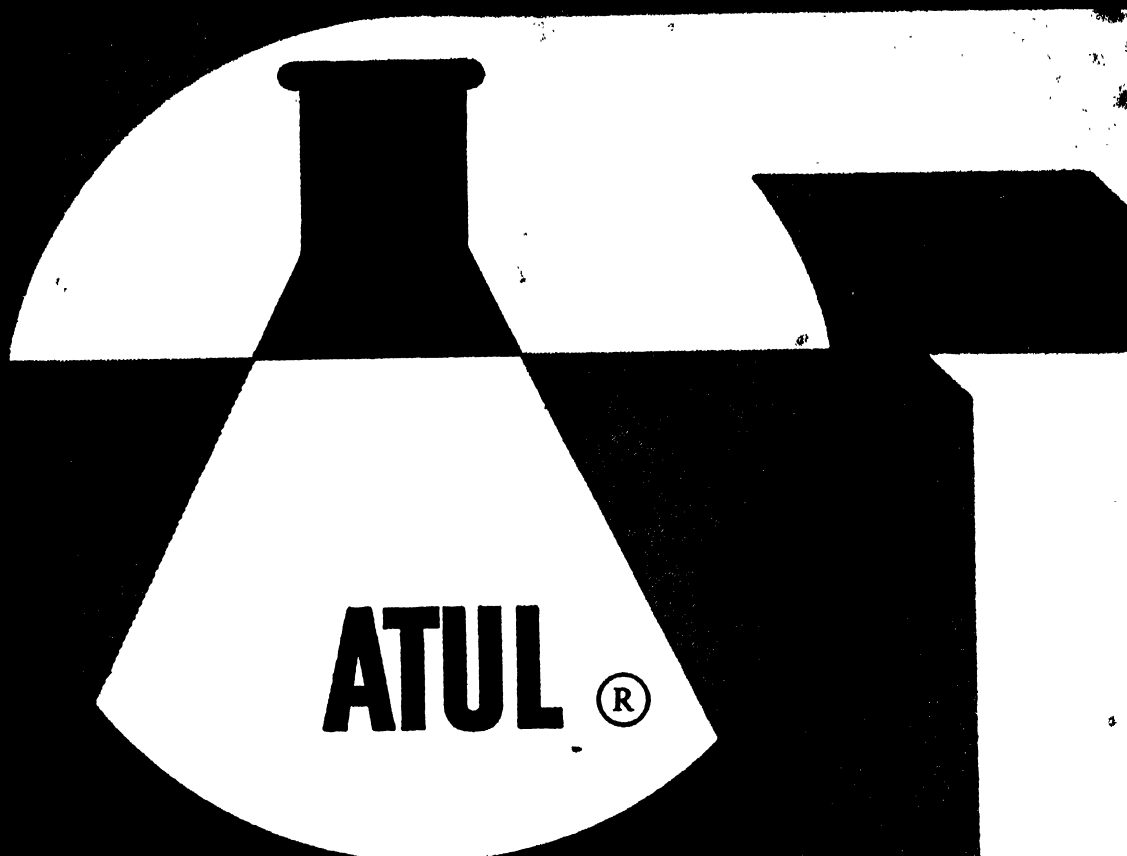


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Take-over of general insurance

WITH the take-over of general insurance the Government has acquired a larger hold over the liquid resources of the community. The success or failure of the step will be judged in terms of how these liquid assets are managed both in the interests of policyholders and of the economy as a whole. The decision to nationalise general insurance had to be kept secret till the time of its announcement. This might be responsible for some dislocation in the normal working of the general insurance companies. A further complication seems to have arisen because of the reported unwillingness of some of the persons chosen as custodians of the companies to accept the responsibility. This might explain the delay in announcing the full list of custodians.

Mr Y. B. Chavan, Union Finance Minister, defended the decision of the Government on the ground that it was part of the measures to fulfil the pledges made in the election manifesto by the Ruling Congress party. It has been suggested in some quarters that there were many other promises contained in the same manifesto which ought to have been given priority. The task of making a success of bank nationalisation, creating more job opportunities, increasing exports and so on, should have been tackled first, it is argued. It cannot, however, be said that the Government formed after the recent elections to the Lok Sabha is indifferent to these tasks. A few measures have already been taken and more might be announced during the budget session of Parliament. The point to

be considered, however, is whether the take-over of general insurance would help in securing the broad socio-economic goals of the present administration. Mr Chavan has not much to say on this aspect of the question. The only advantage he could find in what he described as an important step in the implementation of the mandate of the people was that it would reduce the outgo of foreign exchange. This would be achieved to some extent because it would be possible now for the Government to spread the risk more evenly among the various general insurance companies and that might not necessitate the same amount of reinsurance with the foreign companies as before. This, however, cannot be a justification for the Government to take over the onerous responsibilities involved in general insurance. It is estimated that the foreign outgo on this count was on an average not more than Rs 5 crores per year. There is also some truth in the argument that in cases of big risks, particularly those involving ships and aircraft, reinsurance of the risk abroad cannot be altogether avoided.

It is not possible to justify the decision to nationalise the general insurance on the ground of any significant contribution to the public exchequer either. The profits of these companies were on an average Rs 3.75 crores a year. If one takes into consideration the amounts to be paid by way of compensation to the owners of the existing companies the accrual to public exchequer would be only marginal. The total assets of the general insurance companies are

estimated at Rs 240 crores. The return on the assets, therefore, works out to barely 1 per cent. In this connection it is also pointed out by the critics of the Government decision that as late as in 1967 the Government had come to the conclusion that the nationalisation of general insurance business was not a profitable proposition. When Mr Chavan was reminded of it his only explanation was that 1971 was not 1967. This by itself does not explain much and does invite the charge that the decision was political.

Perhaps the present decision is sought to be justified on the ground that it was necessary from the point of view of enabling the public sector to attain a dominant role and to occupy a key position in the economy. This was the ground on which Mrs Gandhi had defended the nationalisation of banks. Perhaps the same could be said of general insurance because it does help the Government to get a command over the cash assets of something like Rs 40 crores. It could also be argued that with the control over general insurance it would be possible for the Government to expand this business so as to make its benefits available to the common man. Of late the Life Insurance Corporation is moving in the direction of bringing within its net more and more people. With proper management the same approach could be tried in general insurance too. More and more Indians are exposed to the hazards inherent in the modern ways of living. Old traditions and institutional arrangements are breaking down without being replaced by new forms of insurance. With the development of the economy and especially of agriculture it should be possible to extend the principle of insurance to more families and the nationalisation would be justified only if a definite step in this direction was made possible thereby.

Much will depend upon the organisational set-up of the nationalised general insurance. The details of this set-up will be dealt with by the proposed bill vesting the ownership of the undertakings in the Government. The present thinking is to have four corporations. They will be competing with each other for business all over India. This is a wise decision because the LIC set-up is criticised on the ground that it has become a monolithic organisation. The nature of general insurance demands that authority should be delegated to the people on the spot. In this line much discrimination has to be used and decisions have to be taken from day to day. The spread of the risk has to be continuously kept in mind and a decentralised set-up is more suited for this purpose. It is also worth considering the desirability of permitting these corporations in the public sector to write life insurance business. That would help in spreading the risk and enlarging the scope of work of the corporation.

Politics of backwardness

EVERY backward region has a seemingly legitimate grouse that it has been neglected. In Telengana this grievance got a sharper edge after the Bhargava Committee worked out with a fair semblance of plausibility the amount which was owing to Telengana as its share of Plan outlays in the preceding years. The Committee suggested that this amount should be made available for accelerated development of the Telengana districts. Indirectly it accepted the argument that Telengana had not got a fair share of the general development outlays in Andhra Pradesh. This is how a little over Rs 1 crore was made available additionally in 1968-69. In order to make good past neglect, about Rs 43 crores are to be provided similarly over the Fourth Plan period 1969-74. In all about Rs 45 crores of developmental funds would thus become available to the Telengana districts in addition to what would have been available in the normal course of Plan expenditure. For Telengana's grievances about backwardness, a remedy has been found. However, to the extent that the grievances were imaginary, this arrangement was not liked by politicians who exploited them for whipping up agitation.

Now that the Andhra Pradesh Chief Minister has declared that the Telengana region will get 36 per cent of the total Plan outlay of

the State as against about 35 per cent to which it would be entitled on the basis of population, the genuine grievances should wear off. Yet the danger of separatism looms large. As a further step to meet popular demand for progress, as also to placate political diehards, the Telengana Development Review Committee under the guidance of the Prime Minister suggested last week that out of the total special provision of Rs 10 crores for all the backward districts of Andhra Pradesh, those in Telengana should get one half. This is more than fair, for the backward districts of Rayalaseema and the coastal areas contain much more than 50 per cent of the total population of all the backward districts in the State. No one can now complain that Telengana is being neglected.

Now that the Government of India provides each year special assistance for Telengana so that the Bhargava Committee's recommendations on the use of the Telengana surplus can be implemented without delay, progress in Telengana does not mean any burden or deprivation for the rest of the State. In fact, funds are now available in more than an adequate measure. Unfortunately neither the State Government nor the Telengana leaders have yet made a proper assessment of the region's developmental potentialities. It is easy to talk vaguely of rural electrification or irrigation. To get the schemes off the ground takes much greater effort. The Government has to draw up the schemes on the basis of scientific investigation and implement development programmes according to a time schedule and within the estimated costs. As in most other States, Andhra Pradesh has still to draw up district development programmes based on a thorough study of the local development possibilities and to integrate them with the development Plan of the State. The fact is that the State has money, but not enough well-thought-out schemes. It is for this reason that programmes for the development of roads, irrigation facilities, soil conservation and rural electrification have been lagging behind in Telengana.

It is difficult, otherwise, to explain the shortfalls in expenditure. Out of about Rs 12 crores advanced by New Delhi during 1969-70 for faster development of Telengana, no more than Rs 9 crores were spent. The picture last year was worse, with substantial shortfalls in the outlay of Rs 10 crores. It is because of the poor performance of the past two years that a realistic provision of Rs 9 crores has been made for the implementation of the special developmental programmes in 1971-72. There is little hope, however, that this money also will be fully and effectively spent. On the rural electrification schemes there seems to have been savings amounting to Rs 2 crores out of Rs 4 crores in 1969-70 and of Rs 1 crore out of Rs 3 crores advanced in 1970-71. Last year the financial performance in relation to construction of roads and provision of protected water supply to villages was no better than 33 per cent, and the physical achievements were even lower than one-third of what was aimed at. In the extension of the high-yielding varieties, in providing plant protection and in constructing tube-wells, progress has been disappointing. At this pedestrian pace of implementation of Plan schemes, there is no prospect of Telengana making up lost time in the developmental process.

The lack of progress in Telengana should open the eyes of those who believe that finance is the biggest constraint on development. What obviously is missing is a sense of urgency and a lack of will. The administration has to show the drive required to organise and manage development at various levels. Short-cuts like the appointment of an additional Chief Secretary, dear as much to bureaucrats in Hyderabad as in New Delhi, will not help. Developmental administration needs to be strengthened all along the line, especially at the village level. It needs a determined lead so that the developmental tasks are completed on schedule. Perhaps there is no popular upsurge in favour of development as there was in support of a separate State. This shows how difficult it is to mobilise public opinion and to gear up the administration for the unspectacular and arduous tasks in agriculture, industry, road construction and the like.

"WE businessmen have grasped the economic implications of political stability in India. We hope our Government does". I was startled when a Japanese business leader made this remark to me. This was an extraordinary statement in a country where Government and business community march in step with military discipline.

During my recent visit to Tokyo I asked a leader of the powerful Japanese Federation of Economic Organisation (KEIDANREN) whether Japanese chambers of commerce issued any public statement against Government policy. He promptly replied: "Never. Government and the business community work in unison. From junior officials to top officials and Ministers we are having constant consultation in numerous committees and sub-committees of chambers of commerce and also of the Government". How is it that despite such close consultations some of the Japanese business leaders find the Government slightly out of step with them in so far as India is concerned? It is my impression that Japan's Foreign Ministry might be a restraining factor in taking bold steps to develop India-Japan ties. Japanese Foreign Office is too much obsessed with security considerations and in the military equation, India is obviously not a significant factor. But the Japanese business leaders see in India's growth an alluring opportunity to develop a steady source of semi-finished goods, raw materials and even agricultural produce. Japanese industry has also realised that India with her newly developed expertise in engineering industry could be a good partner in its exports to third countries.

The divergence of views between Government officials and the business community on Japan's future economic ties with India was dramatically highlighted when Mitsubishi decided at the instance of Indian Ambassador, V. H. Coelho, to send a high-power 11-member mission to India last month. I heard in Tokyo that a foreign office official rang up a senior executive of Mitsubishi and asked in a tone of surprise: "Are you sending a delegation to India?" However, when the executive replied in the affirmative, the official said: "It is a good idea. Do go and please find out what are the possibilities of developing ties with India". I was also told that the foreign office later liked the idea of Mitsubishi sending a delegation to India. But the fact remains that it was a leading business house of Japan, and not the Government leaders, who took the initiative to stir the near stagnant waters of Indo-Japanese economic relations.

The lack of enthusiasm of the Japanese Government officials in regard to India could also be traced to the inapt handling of aid negotiations by our officials. I think, almost every year the problem arises about debt re-scheduling. There is a proverb in Gujarati: "If you go out to beg, why be ashamed of the begging bowl?" The tragedy is that we go out to beg in the wide world, but keep up appearances of not doing so. Our officials tell the officials of Japan: "We do not want to tell you what to do. If you want to re-schedule, re-schedule our debt." We should not seek a favour in a tone which hurts a friend. Let us call a spade a spade. In doing so we will not only get things done by our foreign friends to our satisfaction but we will also raise our own moral stature.

True, there has been a startling improvement in our balance of trade and our exports are rising. Our embassies should constantly educate the members of the Aid-India Club about the structural changes that are taking place in our industry and foreign trade. But at the same time we should not pretend that we do not need temporary accommodation. That these accommodations are in the interests of growth ought to be emphasised. But till we develop the exhilarating self-reliance of Mao's China, let us not have the worst of both the worlds. This is all the more necessary when the mood of Japanese business and banking circles is decidedly changing in favour of India.

Admittedly, this is motivated by self-interest. But this in my view is a heartening development. Only that which is motivated by self-interest lasts longer. A developing labour shortage, rising wages, gradual disappearance of small-scale industry, a countrywide anti-pollution movement (which has paralysed the initiative of the industrial leaders of Japan) and a growing desire to put their trade eggs into more baskets have prompted the Japanese business houses to explore the possibilities of boldly extending the scope of economic co-operation with India. The rich raw material resources of India, availability of relatively low-cost skilled labour, the facility of modern infrastructure, the recent rapid development of engineering industry and a competent bureaucratic apparatus (a Japanese businessman told me: I know about your red-tapism; nevertheless, but for your efficient bureaucracy you could not have developed India so fast without weakening political unity) have attracted Japanese entrepreneurs towards India. The compulsion of establishing a firm foothold in the Indian market became particularly overwhelming after the sweeping victory of Mrs Indira Gandhi at the March mid-term poll which has ensured continuous political stability in India. The Japanese business and banking community seem to feel: "We now do business with India in a climate of stability". The growing protectionism in the US and the recessionary conditions in the US as well as in Japan are other important factors which have turned the face of the Japanese leaders towards India.

I think Japanese business leaders and bankers are just not interested in the outdated foreign policy differences between New Delhi and Tokyo. With the amazing US overtures to China and the incredible flexibility of China's foreign policy which expressed itself in the invitation to American ping pong players, the old foreign policy assumptions have lost their relevance. Japanese industrial leaders would, therefore, like to take as bold and flexible an approach towards India as President Nixon has taken towards the most dreaded enemy of the United States—Communist China. Not that the Japanese industrial leaders have no complaints about India. The business community of Japan was also initially alarmed at the nationalisation of banks in July 1969. They are con-

INDIA AND JAPAN

The mood is changing

By Vadilal Dagli

cerned over India's bureaucratic red-tapism, delay in obtaining industrial raw materials and spare parts, a high rate of taxation on royalty and certain import restrictions (which, of all the people, the Japanese understand but do not like at the present stage of their economic growth.) The Japanese were particularly dismayed at the signs of political instability in India, which was symbolised in the minority Government that Mrs Gandhi led with the support of the pro-Soviet Communist Party of India. But after the mid-term poll of March 1971, the political climate in India has so dramatically changed that the shrewd Japanese business leaders think it is too good to let it pass.

On the whole, Japanese industrialists seem to be satisfied with the working of joint ventures in India. This was rather forcefully impressed on me by Mr Keizoo Tamaki, Vice-President of Toshiba, who said that their two joint ventures—Toshiba Anand Lamps and Toshiba Anand Batteries in Angamali and Cochin in Kerala—were doing very well. Toshiba incidentally has also established an office in New Delhi to explore possibilities of further extension of their activities in India.

What sort of economic co-operation does Japan envisage with India in the seventies? Mr Chujiro Fujino, President of Mitsubishi Shiji Kaisha Ltd, told me at the headquarters of the Japan Chamber of Commerce and Industry in Tokyo, that they would like to improve the productivity of labour-intensive and light engineering industries of India. If this is done, Japan and India could complement each other both in regard to Indo-Japanese trade and export to third countries. Mr Fujino particularly referred to bicycle, sewing machine and electrical equipment industries in India which could be developed further with Japanese technical know-how.

Japan has decided to trade with China on the Chinese terms. These include "no business relations with either Taiwan or South Korea". With the gradual withdrawal of Japan from Taiwan and South Korea, Japan should find another outlet for her technological expertise and overflowing foreign exchange reserves. Before the visit of Mitsubishi delegation three Japanese delegations visited India during the past six months to study the possibility of enlarging the area of economic co-operation between the two countries. The visit of the Japanese Chemical Industry Co-operation Mission, the Sewing Machines and Ancillary Industries Mission and the Bicycle Industry Mission to India convinced Japanese industrial leaders that the technological level in India was so high that import of parts and components from India for Japanese engineering industry would be worth while from every point of view. These reports have reached the Japanese bankers also. Had it not been so, a leading Japanese banker would not have greeted me with these words: "You have come at a time when Indo-Japanese relationship is undergoing an imperceptible change for the better". □

MARKET GOSSIP

Budget: What is in store?

TO the general public, the most interesting part of a budget is the package of measures that may be proposed by the Finance Minister to bridge the budgetary gap. The magnitude of the gap decides, to a considerable extent, the character of the budget proposals. The interim budget presented at the end of March showed an overall deficit of Rs 240 crores. But the gap, by which Mr Chavan will be guided at the time of presenting the regular budget on the 28th of this month, is likely to be larger than this. There are so many pluses and minuses to this figure that it is impossible to prognosticate the budgetary gap.

Though in the interim budget the Central Government outlay for the Annual Plan 1971-72 is the same as in the preceding year, Mr Chavan had declared that in the final budget there would be a substantial step-up in the Annual Plan outlay. Whatever the step-up, it would directly add to the magnitude of the deficit.

Secondly, the overall deficits of the State Government budgets for 1971-72 add up to Rs 250 crores. The State Governments have, at least for the time being, assumed that a large part of this gap would be filled up by the additional transfer of resources from the Central Government. To that extent the Central Government deficit would be larger than envisaged in March.

Thirdly, there is the additional fiscal burden as a result of the refugee influx from Bangla Desh. For the current fiscal year, it may add up to Rs 300 crores. One hopes that this burden will be taken up entirely by the international relief organisations. But to the extent that they fail to discharge their responsibility, India will have to shoulder the residual burden.

Given the size of the budgetary gap, the first crucial decision which the Finance Minister has to make is as regards the pattern of resources. How much of the required resources should be raised through increases in taxes and prices of the services of the public sector enterprises (increase in railway freights and fares and in postal charges) and how much through deficit financing? This would be the first budget of the new Government after the general election. One can, therefore, expect the Government to be guided by the important consideration that, of the normal five budgets of its term, this is the budget which can be made relatively harsh. Correspondingly, deficit financing would be kept low in the initial budgets and larger in the subsequent budgets. But the deficit this time is likely to be so large that the Finance Minister may perhaps be tempted to draw heavily on both these types of resources, i.e., taxes as well as deficit financing. The temptation to go in for a heavy dose of deficit financing may be stronger because the price situation now appears to be less disturbing than it was a few months ago.

Turning to the specifics, one may hazard a broad guess. In view of the dis-

appointing pace of industrial expansion, there may be quite a few incentives to promote industrial expansion, with particular emphasis on encouragement of exports and of smaller enterprises. There may also be further change-over from specific duties to *ad valorem* on a few more items. Finally, there may be some heavier indirect taxes on luxury goods to serve the double purpose of augmenting the budgetary resources and social justice.

Meanwhile, the possibility of a large dose of taxation has made the markets more cautious. It is believed that the excise component in the new taxation proposals is likely to be of the order of about 75 to 80 per cent. About a dozen items are expected to attract excise duty for the first time. The major yield from the excise duties is likely to come from increases in the rates on about 25 to 30 items. Among the items mentioned in market circles are: refrigeration and airconditioning equipment, household appliances which work on power, costly steel furniture, high power electric motors and machine tools. According to them, man-made fibres and synthetic textiles may also attract higher rates of excise duty. In view of the Government's policy to cut down the import of certain items, the possibility of higher import duties being levied on items which the public sector undertaking have started production is mentioned. In this connection, the product lists of Hindustan Organic Chemicals and Indian Drugs and Pharmaceuticals are being scanned in the chemical sector to locate the items which may come in for heavier import duties. With the developments in Bangla Desh, the export possibilities of jute have increased. Hence the reduction in export duty, effected a year ago, is likely to be reconsidered by the authorities. This includes jute canvas and jute tarpaulin cloth. In the case of petroleum products, increase in excise duty is expected. As regards corporate taxation, marketmen are hoping that any additional burden that may be imposed on the companies will not be severe. The possibility of a bearish impact on the share market is considered rather remote because of the possibility of the Government giving incentives for more production and savings. □

Consequences of take-over

THE Government took over last week the management of 64 Indian and 42 foreign insurance companies with gross assets of about Rs 240 crores. Though the ruling party's commitment to nationalisation of general insurance was known, the timing of the event did cause surprise in market circles. If the share values in the stock markets did not receive a serious setback it was because industry had reconciled itself to the idea that the time was not far off when general insurance would cease to remain in the private sector. However, so far as insurance shares were concerned, there was a fall following the announcement. In the case of New India Assurance, the shares slumped from Rs 49.25 cum-dividend to Rs 39 ex-dividend in the wake

of doubts over the distribution of the Rs 6 gross dividend for 1970.

What will be the consequences of the take-over of the management which forms the first stage of nationalisation of the general insurance business? Industrial circles are doubtful if the quality of service will be maintained. The experience of banking services after nationalisation has been rather discouraging. The cost of bank credit has gone up, while there are delays in collections of cheques particularly from outstations. It is feared that many of the services which industry availed of from the insurance sector may be adversely affected. The insurance companies were rendering a useful service to the industry by guaranteeing the non-banking deposits placed with them. Because of the reduced availability of bank credit, industry turned to other sources. Industrial circles are afraid that if the nationalised insurance companies or corporations do not come forward to give the necessary guarantees their resources position may be affected. They want that with more sophistication in the economy the nationalised insurance agencies should devise new risk covers as are available to their counterparts.

A proposal to reduce the fire rates by 10 to 20 per cent was mooted some time ago. Will this be implemented? A section of the industry is inclined to believe that there might be a symbolic cut in the fire rates accompanied by increases in other rates, for instance, motor insurance. So far the insurance business has given round-the-clock services because of the competition among the 106 insurers. The effort was to keep the rate structure internationally competitive and to ensure that the rates framed were on the basis of what the clients can bear. The premium rates were reduced on several occasions over the last 15 years. Payment of insurance claims is an essential feature of the insurance business. Over five lakh claims are settled by the industry each year. Discretionary powers are vested at various levels of administration. If the insurance business is conducted in bureaucratic ways there will be delays in settlement of claims and payments.

So far as reinsurance is concerned there is no fear of nationalisation having an adverse impact. Insurance circles do not expect any difficulty in getting reinsurance in international markets. The policy of the insurance companies had been to absorb the reinsurance in the domestic market. Thus hardly 15 per cent of fire, 20 per cent of marine and 10 per cent of accident, is reinsured abroad. In the case of civil aviation and marine hull, large business is written abroad. The total premium on civil aviation is about Rs 8 crores of which more than 80 per cent is reinsured abroad. With the arrival of the jumbo jets on the aviation scene, the capacity of the insurance companies here to absorb the business seems to be limited. Thus a bulk of this business would continue to be reinsured abroad. □

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SURVEY

FUTURE OF CONGRESS (O)

THE AICC (O) session in Bombay decided to function as an effective opposition party without any alliances. It also declared its firm opposition to any move for unity with the ruling party. With this political decision the Congress (O) will now have to determine its line of action both within and outside the legislature. In the present set-up of Parliament there would be many occasions on which the Congress (O) will have to vote with other opposition parties. It will have, however, to state clearly the reasons why it voted in a given manner. If it does not want an alliance with any political party it must be able to develop its own policy and programme on the strength of which it would seek support for itself in the country. This is not as easy as it sounds. In the past the opposition parties have failed to present an alternative policy and programme to the one adopted by the Government and yet have voted against the Government on the plea that the task of the opposition is to oppose. This has all along been the weakness of the democratic opposition in our country.

The Congress (O) leaders who were till the other day part of the ruling party have fallen prey to this weakness. When they sat with the opposition they developed the same tendency of roundly accusing the Government of insincerity and claiming that they were the real exponents of the policy wrongly claimed by the ruling party as its own. This style of action had some meaning when people were still under the spell of slogans. One of the lessons which could be learnt from the Lok Sabha elections in 1967 and again in 1971 is that people are now capable of forming their own judgment. They may not be able to appreciate the subtleties of argument. But they know on which side their bread is buttered. If the Congress (O) wants to develop in course of time as the main opposition to the New Congress it must convince the people that it has a better programme for the amelioration of the conditions of the masses. The New Congress leadership might be sincere or otherwise in its claims. But that is the problem between the people and the New Congress party. There is no reason why the people should rally round the Old Congress banner merely because it is stated that the New Congress was not sincere in its professions.

The AICC (O) session has passed a resolution reiterating its economic and social programmes. This is presented in a language which gives an impression that the AICC (O) wants to build up its image as a radical party in the country. It has supported the take-over of general insurance but has added that this was a part of the programme of the undivided Congress. The same can be said of many of the items that are common to the New Congress and the Old Congress programmes. The question therefore is what policy each party is going to adopt in order to

achieve that programme. The Old Congress would be well advised not to repeat the old slogans while criticising the policy of the New Congress. The Congress (O) leadership must follow the day-to-day development in the policy and programme of the New Congress. It must have sufficient honesty and wisdom to support that part of the policy and programme which is in consonance with its own programme. While opposing the other aspects of the Government action, the Congress (O) should accept the responsibility of clearly defining the alternative line and of explaining the reasons why it preferred it. It is only in this way that parliamentary democracy can develop. A party which plays its role in its development will alone have the claim to be accepted as an alternative to the ruling party. If these compulsions of functioning in a parliamentary democracy are recognised, there is no reason why the claim made by the Congress (O) leadership that it has a bright future should not materialise. □

PORTS MARKING TIME

IT will be regrettable if the stationary trend in the traffic handled by the major ports, which was evident last year, is allowed to continue. This reflects the slowing down of the implementation of schemes for expansion of port capacity. Any slackening in this respect will come in the way of the export effort which is just gathering momentum. Realising this the Minister for Transport, Mr Raj Bahadur, did some plain speaking to the port authorities about their responsibilities at his recent meeting with the Chairmen of major ports. He particularly deplored the lack of a sense of urgency on the part of the authorities in regard to the implementation of development programmes.

Procedural delays have been allowed to block the procurement of desperately needed equipment and for long periods. The port authorities seem to be moving at a leisurely pace even in the matter of placing orders or in dealing with tenders. It has been found that six to seven months pass before a tender is processed and proposals are submitted to the Government for awarding contracts. These delays lead to further delays. In many instances, the validity of the tender had lapsed before the processing was completed, making it necessary to call for fresh tenders. On present indications, it appears doubtful if the ports will be able to acquire the full complement of equipment for which allocations have been made in the Fourth Plan, within the current Plan period. And this means that the ports will not be equipped to handle the traffic anticipated by 1974.

Encouraged by the substantial increase in exports last year, the Ministry of Foreign Trade has set its sights high. Achievement of a 10 per cent growth of exports is now taken for granted. Are the ports geared to handle the increased traffic implied in a 10 per cent growth rate and to help the export effort by speeding up the

handling of cargo? Indian exporters are handicapped by high rates of ocean freight which adversely affect our competitiveness in foreign markets. The long time taken to load and unload cargo at Indian ports, which results in longer turn-round of ships and increased berthing charges, is the ground often advanced by the shipping conferences for raising freight rates. All this underscores the urgent need for modernisation of equipment and installation of mechanical handling facilities at Indian ports. □

ASIAN TEA

INDIAN tea has been losing ground in its traditional markets—the UK, Ireland, the US and Canada. It would be futile to hope to increase tea exports to these countries as the per capita consumption there as well as in Western Europe has been declining; at best, lost ground can be retrieved. India should, therefore, turn her attention to other markets. The African countries, as also those of South America, must be ruled out for they themselves have taken to tea production in a big way and, in fact, the former have emerged as a strong competitor to India in her traditional markets and elsewhere. India's best hope of ensuring the stability of her tea industry and increasing her exports lies in making common cause with South-East Asian countries in the promotion and marketing of tea in the region and outside.

In the circumstances, the recent study on regional tea promotion brought out by the ECAFE is timely and of particular interest to India. There are two ways of dealing with the basic problem faced by the major tea producing countries in the world market, namely, decline in the unit value of tea. One is to restrict production and exports and the other is to promote greater consumption in the importing countries. The study rightly favours the latter course as the former alternative will have undesirable economic and social consequences for countries practising such restraint.

According to the study, it is desirable to have a regional marketing scheme to stabilise prices and to effectively prevent the few firms who control the major tea markets from manipulating prices at auctions in their favour. The study has recommended that tea-producing countries in the ECAFE region should take positive action on a regional or sub-regional basis to safeguard their common interests. They should be able to function as producers, blenders, wholesalers and retailers. The marketing arrangement proposed by the study is intended to co-ordinate these functions. Further, the marketing machinery should be able to supply the requirements for tea production, arrange shipments and the underwriting of insurance to cover the risks involved in the tea trade. Actually the ECAFE study would like a five-year regional tea promotional campaign to be conducted on this basis. The scheme is worth trying and since the other coun-

tries in the region barring Ceylon are not large producers of tea, India will have to take the initiative in pushing it through.

Indications are that in the not too distant future tea production in the ECAFE region will be outstripped by that of the African countries, which is bound to tell on the exports of the former. As it is, the tea export pattern shows that the region's relative position in the world market is becoming weaker and that of the African and Latin American countries is growing stronger rapidly. The value of tea exports from the ECAFE countries in 1969 was \$369.8 million, 18 per cent less than in the previous year. On the other hand, Africa's tea exports rose to \$81.2 million in 1969 which was 7 per cent higher than the level in the preceding year. When compared with the early sixties when exports averaged \$45.6 million annually, exports from the African countries have now nearly doubled. The time has, therefore, come for the ECAFE countries to act in concert in order to prevent further inroads into their tea export trade. □

ARSON IN SLUMS

FIRE may have a cleansing quality, but when it breaks out too frequently, as it does in the slum areas of Madras, it is difficult to look upon it as a benignly purifying agent. The question is whether the fires are accidental or wanton. It is possible that slum dwellers in Madras are careless in handling or extinguishing lamps and open ovens used for cooking. The use of flimsy, combustible materials like plaited fronds increase the hazards. But when fire-raising is practised in the hope that the authorities would provide durable dwellings at nominal rent, it is time to ask whether slum-dwellers deserve what they demand of the Tamil Nadu Government. It has set up a Slum Clearance Board to improve their living conditions. It has also taken up town and country planning, mainly through the levy of development charges on property-owners, to improve their lot.

The police investigation into slum fires in the past disclosed that some fires arose through design rather than accident, but punishment for arson was hardly thought of. It was surmised that political factors were at the back of fires in dirty, overcrowded localities which are, however, important for vote-catchers. The loss of property is not much, but the cost of relief is considerable. The shortage of water in summer hampers the functioning of the fire brigade which is working as an adjunct of the police department. That some district towns are still handicapped by the lack of fire engines and firemen to deal with sudden outbreaks has been recorded with regret in official reports.

But the city of Madras has fire-fighting equipment and phone service. However, there have been far more fires since 1967 and the huts in some areas have been replaced by roofed tenements. The implications for the Corporation or rather the municipal tax payer cannot be favourable. The Corporation is called upon to provide water-torries for dealing with frequent emergencies in slums. But little is heard about the enforcement of precautionary measures, especially in privately-owned slums. □

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	Apr. 24, 1971	Apr. 17, 1971	Mar. 27, 1971	Apr. 25, 1970	Over a week ago	Over a month ago	Over a year ago	Over two years ago
Food articles	202.2	204.1	199.8	199.7	-0.9	1.2	1.3	8.9
Industrial raw materials ..	187.1	192.3	191.5	188.5	-2.7	-2.3	-0.3	10.2
Manufactures	161.7	161.9	160.5	149.3	-0.1	0.7	8.3	15.4
All Commodities	181.5	182.9	180.7	176.3	-0.8	0.4	2.9	10.3

Money and Banking

(Rs crores)

	May 7, 1971	A week ago	A month ago	A year ago	Percentage variation		
		Apr. 30, 1971	Apr. 9, 1971	May 8, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply ..	7,346 (a)	7,299	7,315	6,812	0.6	0.4	11.1
Bank credit ..	4,686	4,659	4,740	4,100	0.6	-1.1	14.3
Bank deposits ..	5,992	5,972	5,934	5,103	0.3	1.0	17.4
Credit/deposit ratio ..	78.21	78.02	79.89	80.33	..	..	..
Foreign exchange reserves ..	779 (c)	775 (c)	763 (c)	838	0.5	2.1	-7.0

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/Index			
Industrial production (seasonally adjusted) ..	1960=100	Dec. 70	180.1	182.8	-1.5	4.4
Exports	Rs crores	Feb. 71	101	144	-29.9	1.2
Imports	Rs crores	Feb. 71	181	157	-3.8	18.0
Trade balance	Rs crores	Feb. 71	-50	-13	..	..
Foreign exchange reserves ..	Rs crores	end-Apr. 71	775 (c)	773 (c)	0.3	-1.6
Cost of living index ..	1960=100	Feb. 71	184	184	..	4.0

ANNUAL INDICATORS

	Unit	1969-70	1968-69	1964-65	Percentage variation in 1969-70 over 1968-69	Annual rate of growth between 1964-65 and 1969-70
National income at 1960-61 prices ..	1960-61=100	134.4 (a)	127.4	119.7	5.5	2.3
Per capita income at 1960-61 prices ..	1960-61=100	108.0 (a)	104.9	108.7	8.0	-0.1
Agricultural production ..	1949-50=100	169.9	159.5	159.4	5.8	1.0
Foodgrains production ..	Million Tonnes	99.5	94.0	89.0	5.8	2.3
Industrial production ..	1960=100	174.5	163.7	144.8	6.8	3.9
Exports	Rs crores	1,409	1,354	1,286 (b)	4.1	1.9
Imports	Rs crores	1,568	1,909	2,126 (b)	-17.9	-5.9
Trade balance	Rs crores	-159	-555	-840 (b)	..	..
Foreign exchange reserves (year-end) ..	Rs crores	821	577	393	42.3	15.9
Money supply (average) ..	Rs crores	6,069	5,428	3,866	10.7	9.2
Bank credit (average) ..	Rs crores	3,583	3,107	1,808	15.3	14.7
Bank deposits (average) ..	Rs crores	4,781	4,079	2,467	16.0	18.9
Wholesale prices (average) ..	1961-62=100	171.5	165.4	132.3	3.7	7.0
Cost of living index —working class ..	1960=100	177	174	129	1.7	6.5

Notes:

- Estimated by Commerce Research Bureau.
- At post-devaluation rate.
- While estimating foreign exchange reserves, SDRs transactions that might have taken place on February 28, 1971 have not been taken into account.
- The figures indicate percentage change during the current calendar year up to the month indicated as compared to corresponding period in the preceding calendar year.

THE WEEK

THE Union Government appointed on May 19, 30 custodians for 102 general insurance companies whose management was taken over last week. Fourteen custodians have been appointed for 44 companies with headquarters in Bombay, seven for 40 companies in Calcutta, seven for 15 companies in Madras and two for three companies in Delhi. For the other four companies no custodians have so far been named. These are the three subsidiaries of the LIC and the Indian Reinsurance Company, a co-operative in which shares are held by other general insurance companies.

The Union Government has decided to relax further the licensing restrictions with regard to medium and small-scale units which require an investment of less than Rs 1 crore. These units will also be allowed more liberal imports of capital goods. As per the existing regulations these units require licences if their imports of capital goods exceed 10 per cent of the investment or Rs 10 lakhs, whichever is less. This limit is likely to be raised and an announcement about this would be made shortly. This was announced on May 17 by Mr B. B. Lal, Secretary to the Ministry of Industrial Development.

The Life Insurance Corporation has decided to reduce the group insurance premium by 25 to 30 per cent, according to its Chairman, Mr T. A. Pai. The Corporation has taken this decision to make group insurance more attractive.

The private sector will be allowed to set up units only separately at the various stages of steel making within the limits of the Government's policy of securing the commanding heights in steel production for the public sector, according to the Minister of Steel and Mines, Mr Mohan Kumaramangalam. The private sector will not, therefore, be allowed to set up integrated steel plants.

Punjab, Haryana and Uttar Pradesh are likely to experience "an acute power shortage" in 1971-72, according to a region-wise study on power supply position by the Union Ministry of Irrigation and Power. In 1970-71 also these States had experienced severe shortages.

The Union Minister for Planning, Mr C. Subramaniam, announced on May 18 that an agricultural bias would be given to the Fourth Plan next year. Only marginal changes are expected to be made in the current year's Plan.

Air-India and the BOAC reached an agreement on May 14 on the operation of Air-India's Jumbo service across the Atlantic. According to the agreement, Air-India would operate three Jumbo services a week, and the first commercial flight will leave London for New York on May 26.

Mr Sadiq Ali, the retiring general secretary, was unanimously elected President of the Congress (O) at the concluding session of the AICC (O) at Munshi Nagar, Bombay, on May 16. But immediately after assuming office Mr Sadiq Ali announced that he was only an "interim President" and the election of the President in accordance with the party constitution

will be held as soon as possible, probably in three or four months.

Mr Ajit Biswas, Forward Bloc candidate in the by-election to the West Bengal Assembly from Shyampur constituency in north Calcutta, was shot dead on May 18. The by-election had been caused by the assassination of Mr Hemanta Kumar Basu, Chairman of the All-India Forward Bloc, on February 20. The by-election scheduled to be held on June 6 will also have to be countermanded because of the murder of Mr Biswas.

Mr Uma Shankar Dikshit, Minister for Works and Housing, has also been given temporary charge of the Ministry of Health and Family Planning following Mr K. K. Shah's resignation from the Union Cabinet. The acceptance of Mr Shah's resignation was announced on May 19 in a press communique from Rashtrapati Bhavan. Mr Dikshit will also succeed Mr Shah as leader of the House in the Rajya Sabha.

A CPM-sponsored motion of no confidence in the democratic coalition ministry was defeated in the West Bengal Assembly on May 18 by 141 votes to 132.

A full bench of the Punjab and Haryana High Court held on May 18 by a majority of 3 to 2 that the powers of the Election Commission of India to allow inspection of ballot papers under Rule 93 of the Conduct of Election Rules, 1961, were not wider than that of a competent court or tribunal under the same provision, and that the Election Commission should not allow inspection to fish out evidence and to collect material for an election petition. Inspection of ballot papers should be allowed only after the Election Commission itself was satisfied that *prima facie* there was substance in the charges. The court, therefore, allowed a writ petition filed by Mr Gurdas Singh Badal (brother of Punjab Chief Minister, Mr Prakash Singh Badal), the successful Akali candidate from the Fazilka parliamentary constituency, and quashed the order of the Election Commission dated May 15,

1971, allowing Mr Iqbal Singh, the defeated Congress (R) candidate, to inspect the ballot papers of this constituency.

The UN Secretary General, U Thant, issued an appeal on May 19 for contributions in cash and kind to help the refugees from East Bengal to India. The appeal was made on behalf of all United Nations organisations and on the basis of preliminary reports received by him from various agencies and from the UN High Commissioner for refugees.

The Afghan Prime Minister, Mr Nur Ahmed Etemadi, tendered his resignation to King Zahir Shah on May 16, according to Radio Pakistan. After accepting the resignation King Zahir Shah asked Mr Etemadi to continue in office till a new Government was formed.

Money easy

Conditions were comfortable in the Bombay short-term money market as of Wednesday. Funds were freely available and interest rates remained unchanged. In the inter-bank call section, both renewals and fresh money were reported at 5½ per cent with lenders over. In Calcutta and Madras markets the rates ruled at 5 and 5½ per cent respectively.

Price index down

During the week ended April 24, 1971, the Index Number of Wholesale Prices recorded a fall of 0.8 per cent to 181.5. At this level, the index was only 2.9 per cent above its level a year ago.

Mr G. V. Hallikeri, Chairman of the Mysore Legislative Council, died on May 15 following a heart-attack. He was 66.

PEOPLE

MR P. C. Mathew has taken over as Secretary, Ministry of Works and Housing.

Mr S. V. Lathia has been elected President of the Bombay Industries Association for 1971.

50 years ago

Replying to a letter from the Indian Merchants' Chamber and Bureau of Bombay, the Government of India has stated that it has no information regarding the proposed issue by certain railway companies of a loan of ten to fifteen crores at seven or seven and a half per cent, under government guarantee. That the railways in India is passing through an acute financial embarrassment needs no demonstration, their present plight being due to the aftermath of the war. Having been inevitably starved during the conflict and possessing no reserves to fall back upon, the Indian railways is clamouring today for financial assistance which the Government of India, unfortunately, is not at present in a position to render. The provision for railways in the budget for the current financial year was, as we pointed out in a previous article, only fifteen crores as against twenty-

two crores and a half, allotted in 1920-21. We are therefore not at all surprised at the scathing condemnation, recorded by Sir Valentine Chirol in the London *Times*, of the "antiquated system of railway administration and finance, of which it was possible to disguise the defects so long as it was not subjected to any searching strain". Sir Valentine complains that travelling is far less comfortable in India today than in pre-war days; trains are fewer and far more crowded, and the rolling stock war-worn and dilapidated. Even the permanent way has deteriorated. But the mere discomfort of the traveller is nothing compared to the disabilities to which the trade and commerce of the country have been subjected on account of the inadequate railway facilities for transport of merchandise.

COMMERCE

May 21, 1921



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REPORT

THE NATION

From Our Own Correspondents

Congress (O): Still debating

BOMBAY.

THE predominant impression that the AICC (O) session in Bombay left on observers was that the leadership far from being chastened by the rout of the Congress (O) in the recent elections was allowing its internal squabbles to further undermine the party. Indeed, the party has emerged from the session hopelessly divided. Though the leaders managed to avoid an open clash over the choice of the new President at the last moment, the differences among them over this matter remain as acute as before. The Presidentship has fallen on the unwilling shoulders of Mr Sadiq Ali. He himself told the AICC (O) that he would only be an "interim President" and the election of a President in accordance with the party constitution would be held as soon as possible, probably in the next three or four months.

In the first place, the manner in which Mr Sadiq Ali was elected President was unusual. The Congress Working Committee which met a day before the AICC (O) session decided that the President should be chosen by the too familiar but over-worked device of consensus. But a consensus defied the day-long efforts of the Committee. The supporters of Dr Ram Subhag Singh, Mr Ravindra Varma and Dr P. C. Chunder, who were aspirants for the presidentship, were not prepared to relent. Finally it was decided that Mr Nijalingappa should be entrusted with the task of finding his successor. With the Working Committee out of the way, he had no difficulty in fulfilling this task. He had all along been wanting Mr Sadiq Ali to take over from him. Mr Sadiq Ali's name was proposed by Mr C. B. Gupta and seconded by Mr Sanjiva Reddy and unanimously approved by the delegates. But the fact of his being a compromise candidate, as also of his unwillingness to serve a full-term as President, will keep the antagonism particularly between the supporters of Dr Singh and of Mr Varma simmering and bring it into the open when Mr Sadiq Ali lays down office. It is no secret that Mr Morarji Desai has thrown his weight fully on the side of Mr Varma.

In all, 40 non-official resolutions were tabled, but 14 of them could not be debated as either their movers were absent or the substance of these resolutions formed part of the official resolutions, especially the one on the political and economic situation. This resolution, for the greater part, spoke of achieving objectives not dissimilar to those of the ruling party. It drew attention to the disparities in the incomes of different sections of society and urged reduction of these in the interest of promoting social justice and strengthening democracy. It reiterated that the right to work and adequate means of livelihood incorporated in the directive principles of the Constitution should form the basis of the planned development of the country.

The only new element in the resolution was the decision of the party to bid good-

bye to the "politics of alliance" and go it alone in future. The experience of the last elections had convinced it that henceforth it should rely on its own strength and function as an effective opposition party without alliance. Even this will necessitate a new style of functioning. The former Speaker of the Lok Sabha and one-time Congress President, Mr Sanjiva Reddy, said that it was no use finding

REFUGEES FROM BANGLA DESH

The impact of the unending influx

INTERNATIONAL assistance to India to deal with the colossal refugee problem resulting from the Pakistani military offensive in East Bengal has been meagre and slow in coming. It is, however, hoped that the report which a United Nations team will be submitting on the basis of what it saw at first hand of the extent of the influx from East Bengal and the plight of the refugees will goad international organisations and advanced countries into action. The leader of the UN team, Mr Charles Mace, said in New Delhi before returning to his headquarters in New York that the refugee problem was indeed "monumental". He accepted the Government of India's assessment that there were 28 million refugees from Bangla Desh. He also shared the Prime Minister Mrs Gandhi's view that the refugees should be enabled to go back home as soon as possible. She said in Calcutta after the conclusion of her two-day visit to several refugee camps in the eastern States that it was for the international bodies to see that normal conditions were created in Bangla Desh so that the evacuees could return to their home.

Mr Mace made it clear that whatever help the UN might decide to give will be administered by the Government of India and not by UN agencies. But, for India it was not merely a question of relief. As the Prime Minister said, the Bangla Desh refugees posed not merely an economic problem for the country, but also a political and social one. Meanwhile, fuller details of the refugee problem in West Bengal, Assam and Meghalaya and the difficulties faced by the State Government concerned in tackling it have been received from Commerce correspondents, which are published below:

WEST BENGAL

The problem is one of dispersal

CALCUTTA.

THE number of evacuees from Bangla Desh who had crossed over to West Bengal till last week has been estimated at around 2.5 million. According to the West Bengal Refugee Rehabilitation Com-

missioner, daily arrivals in West Bengal are 30,000. Mr P. N. Luthra, Additional Secretary of the Union Rehabilitation Ministry, has estimated the arrivals in other States, such as Assam, Meghalaya and Tripura, at a minimum of 20,000. Thus, the daily influx into India is estimated at around 50,000.

All the bordering States, namely, Assam, Meghalaya, Tripura, West Bengal and Bihar, have begun to feel the pinch of this influx, West Bengal being the hardest hit of all. In the first place, the refugees are concentrated in the border districts only, particularly Nadia in West Dinajpur, which has created a space problem. The land occupied by the refugees belongs to private individuals who want it back. With the onset of the monsoon, most of the land now occupied will get inundated. The refugees, therefore, will have to be dispersed to other centres well before the monsoon. This particular problem is very urgent. The movement of millions, just before the monsoon, creates an impossible problem for the railways, whose capacity is already strained. Secondly, the additional demand for the necessities of life has started affecting the local prices, the increases now ranging between 50 and 60 per cent. This is causing hardship to the local people. Thirdly, the schools and colleges, where many evacuees are housed, will be needed for examination purposes soon. The sanitary hazards apart, evils of racketeering in exchange of gold and Pakistani rupees from the evacuees for Indian rupees and commodities have raised their ugly head.

Moreover, the communal tension in Bihar, especially in areas close to the Bengal border, fanned by stories of atrocities on non-Bengali Muslims in Bangla Desh, may soon create a law and order problem. Considering these difficulties, the West Bengal Government has urged the Centre to come to a quick decision concerning the dispersal of refugees. According to Government sources, the maximum number the State can accommodate is 50,000. The State is not worried about the financial strain, as the Centre has agreed to bear all the expenditure on evacuees, each costing at

least Rs 2 per head daily. But the other problems mentioned earlier defy solution.

The State fears that the rate of influx may increase further as it has the longest border with Bangla Desh and because of cultural and other affinities the evacuees would prefer to come to West Bengal rather than go to Assam, Meghalaya or Tripura. The visit of the United Nations Deputy Commissioner for Refugees, Mr Charles Mace and his favourable reaction to the Government of India's move for making the evacuees an international responsibility, may be encouraging from the national point of view but has not brought the same comfort to West Bengal as it has to accommodate the large refugee population. Several voluntary organisations, including the Indian Red Cross, the Indian Medical Association, the Ramakrishna Mission Seva Pratisthan and the Bharat Sevak Samaj are operating in hundreds of camps supplying medical aid, vegetables and clothes for evacuees. The total number of camps in West Bengal to date is over 200. The entire cost is borne by the Centre.

ASSAM AND MEGHALAYA

Crippling effect on local economy

SHILLONG.

SEVEN weeks of freedom struggle and the consequent atrocities perpetrated by Pakistani troops on innocent civilians in East Bengal, have brought a total of about three lakh evacuees into Assam and Meghalaya. Of these, a total of over 1,80,000 have been registered, while the remaining are awaiting registration. Of the registered refugees, 1,85,000 have been lodged in refugee camps in Meghalaya and another 28,000 are housed in refugee camps in Assam. While some of the registered refugees have gone to stay with their relatives in Assam and Meghalaya with the permission of the State Governments, some others are still waiting in transit camps for being settled in one of the 80 refugee camps set up in Assam and Meghalaya.

Besides providing accommodation and medical facilities, the Governments of Assam and Meghalaya are giving a cash assistance of Rs 2 per head, at flat rates, for purchase of rations to evacuees residing in refugee camps. Free utensils have also been provided to refugees for cooking their food. Although the State Governments are doing their best to meet this unexpected and gigantic task, much still remains unattended. For instance, the sanitation arrangements in refugee camps are inadequate and refugees are exposed to the danger of epidemics. In fact, cholera has broken out in some of the refugee camps claiming so far 40 lives.

The continuing refugee influx has posed three major problems for the State administrations of Assam and Meghalaya: (a) lack of vacant land for large camps; (b) the upsetting of the local economy, with prices shooting up wherever refugees were concentrated; and the refugees flooding the already-crowded labour market; and (c) the smuggling in of gold and arms, with the attendant danger of the latter falling into "undesirable hands".

A majority of refugee camps are in schools and colleges (almost all such buildings in the border districts have been taken over) which will have to be returned to the institutions soon. The problem in Tripura is, perhaps, even more acute, since

the influx there (5 lakhs) is as much as a third of its total population. Tripura, therefore, does not want any refugees at all in the territory.

The Union Government has given the Government of Assam a sum of Rs 16 lakhs

THE budget session of Parliament starts from Monday. Naturally there is speculation regarding the measures the Government would propose in order to implement the socio-economic programme promised in the election manifesto by the New Congress. In the first session after the elections to the Lok Sabha, nothing spectacular was attempted. At that time the excuse was that the Government had just taken over and some time was necessary for the new ministers to acquaint themselves with the policy issues in the light of the administrative advice they would be able to command. There were some changes in the Government during the inter-session period. But they are not of such a far-reaching character as to justify any further delay in implementing election promises. In fact, the Government has taken a few steps in this direction already. The public sector trading organisations have been entrusted with larger responsibilities in the field of imports, a crash programme for augmenting rural employment has been prepared and the management of general insurance companies has been taken over by the Government. A draft bill for imposing limitations on urban property has been circulated among the State Governments for their consideration and implementation. Some of the State Governments have announced their intentions to initiate suitable legislation in the near future to achieve the objective. The Centre has promised that the licensing procedures will be re-examined with a view to eliminating avoidable delays in disposing of applications. Decisions on many of the applications pending for a long time have been announced.

With these measures in the process of implementation we will have to wait for some time before their contributions to the achievement of the socio-economic goals of the New Congress could be assessed. The Government has still to announce its decisions on some of the more important items of the manifesto. For instance, paragraph 34 of the manifesto contains the following promise: "The private sector will be stimulated to the maximum extent possible without allowing the emergence of private monopolies and concentration of wealth and economic power." The Budget will disclose the line of thinking of the Government in this direction. There are indications that the Government is in earnest in stimulating production. In the agricultural sector some further progress in production is expected. Unless this is matched by increased production in the industrial sector, imbalances would develop. Liberalised import policy will help, but by itself it will not be enough to generate adequate production in the manufacturing sector of the economy. The Budget should give some indication of the policy the present administration would adopt towards production in the

POLITICS TODAY

private sector. The crux of the matter is to balance the considerations based on the need for growth and the need for maintaining social stability.

One of the most difficult problems facing the Government relates to the right to property. The manifesto has assured the people that the New Congress "has no intention of abolishing the institution of private property". But it is clear from the subsequent reference to the "pledge to prevent individual holdings and ownership of property beyond reasonable limits and the concentration of economic power and wealth in a few hands" that the Government has to evolve a formula to deal with this right insofar as it is guaranteed as a fundamental right by the Constitution. Reports have appeared in the Press regarding a comprehensive plan evolved by the legal experts of the Government. It seems the plan envisages ratification of the proposed constitutional amendment bill by State legislatures. The proviso to Article 368 of the Constitution as it stands today requires ratification by the legislature of not less than one half of the States of the amendment seeking to make any change in specified parts and articles of the Constitution. Part III which deals with fundamental rights is not mentioned in the proviso. But the Joint Committee of Parliament on the Constitution (Amendment) Bill 1967 moved by the late Mr Nath Pai had recommended the inclusion of this part in the proviso. It seems this recommendation has been accepted by the Government.

This would make the procedure of amending the Articles of the Constitution dealing with fundamental rights more cumbersome. It remains to be seen whether it would pass the test of validity as prescribed by the Supreme Court in the Golaknath case. The Government would like to see if this via media will help in averting a possible clash between Parliament and the Supreme Court.

A bill to amend Article 13 of the Constitution so as to free Constitutional amendments from the purview of this Article is ready. If Parliament passes the amending bill with the requisite two-thirds majority it can be presented to the President for assent only if it is ratified by the legislatures of not less than one half of the States by resolutions to that effect. It should not be difficult to get the amending bill through even if this additional provision is applied to it. The ball will then be in the court of the highest judiciary in our country.

—Rohit Dave

to meet the initial expenses and has promised to bear all expenses on maintenance of refugees. Similar assurances have been held out to Meghalaya and Tripura. □

MAHARASHTRA

How Sicom does it

BOMBAY.

THE State Industrial and Investment Corporation of Maharashtra Ltd (Sicom), set up five years ago, has played a significant role in the development of the under-developed regions of Maharashtra. Though the State is one of the most industrially developed in the country, its industrial units are concentrated in the Bombay-Thana-Poona complex. It was to remove this regional imbalance that the State Government introduced schemes of package incentives in 1964 to counter the pull of the developed regions. It was soon recognised that what was needed was a separate institution which would not only enable the entrepreneur to make better use of the facilities that have been provided in new areas but also provide a variety

of other services to ensure that the package was translated into action.

Sicom's contribution has to be viewed against the background of the severe economic recession which coincided with its initial years of functioning. Between 1966 and March 1971, Sicom assisted 877 projects involving an investment of around Rs 206 crores. In addition there are 374 projects which are likely to get assistance from Sicom. Thus a total of 1,251 projects, involving Rs 231 crores, are expected to be set up in the under-developed areas. Of these, 785 projects with an investment of Rs 117 crores have gone into production or are being implemented. The total number of jobs expected to be provided by these 785 projects is over 40,000.

The areas in which Sicom's impact has been substantial are Nasik, Nagpur and Aurangabad. When Sicom came on the scene there was scarcely any private investment in Nasik. The investment there was restricted to the public sector's Hindustan Aeronautics Ltd and the Government Security Printing Press. In the last five years commitments have been made by 200 industrial units with a total investment of Rs 55 crores in regard to the Nasik area. Similarly, 152 industrial units, with investment of Rs 46 crores, are likely to be

set up in the Nagpur area. Sicom took up a year ago promotional effort in Aurangabad. It is now taking up a suitable industrial area in the Konkan for special promotional effort. The cost to the State Government for using Sicom as the agency for promotion is estimated to be about 20 paise for every Rs 100 of investment in the under-developed areas.

The Corporation also administers the State Government's credit guarantee scheme for medium-scale industries. This scheme is stated to be the only one of its kind in the country. So far 89 medium-scale units had availed themselves of this assistance and the loans covered by the scheme amounted to Rs 5.5 crores. In guiding entrepreneurs to new areas, the Corporation has started plant location service. The Corporation has also launched a concerted drive to get entrepreneurs all over the country interested in the package scheme of incentives which was revised two years ago. It is now considering the possibility of taking up industrial projects either on its own or in partnership with others. The State has deposits of iron ore, coal, limestone, etc. Sicom has undertaken detailed investigations for launching a project for the manufacture of sponge iron in Chandrapur district. □

REPORT

THE WORLD

From Our Own Correspondents

JAPANESE AID

A rather liberal definition

TOKYO.

IF overseas investments in a department store or a geisha house, say, in Bangkok, can be included in aid, Japanese aid last year (1970) amounted to \$1,824 million. That this in fact is the case is revealed by the Government's annual economic co-operation report to the OECD. This represents a staggering 44.4 per cent increase over the previous year's level. But, in terms of substance, the official details themselves would deflate much of the claimed increase in aid (see table). The basis on which the rich dozen define aid within the DAC framework was not accepted by the Pearson Commission. By the Commission's norms two-thirds of Japanese aid is no aid at all. By the DAC definition, Japan would call aid any capital transferred to developing nations, no matter whether it is for opening a beauty salon or a night club or an auto parts factory with or without representation of local interest or request from the local authorities. War damage reparations are also shown as aid. So are direct private investments.

But, in spite of this, Japanese achievement in the field of economic co-operation has been substantial. Last year Japan ranked third or fourth among the aid givers. Her aid contributions constituted 0.93 per cent of her GNP last year, less

than 0.07 per cent short of the 1 per cent target. With her balance of payments standing at about six billion dollars today, Japan has on hand a serious yen problem. To avoid upward revaluation of the yen one of the measures urged is dispersal of this mounting accumulation. Therefore, overseas investment in the development of raw materials is bound to assume gigantic proportions. This is necessary to sustain her growth and to avoid stagnation and then decadence which the Japanese dread most today after seeing what has happened in Britain and is happening in the US. Shrinkage of aid will be disastrous to the Japanese economy. Aid will, therefore, increase aggressively every year.

In course of time all her overseas economic activities will be covered by one term, that is, aid. Much national attention is being paid to this today so that a new logic is built to justify tomorrow's "aggressive" economic advance in all continents. In most parts, aid will be the name for it. Whatever it is called, any country falling outside the area of Japanese economic "aggression" will have its own development retarded! This is the bone chilling prognostication of American futurologist Herman Kahn who makes frequent trips to Japan to spur Prime Minister Sato's Government, a willing horse, into greater action not only to catch

up with the US economy but to leave it behind. "But is it really possible? Can Japan really do that?" Mr Sato had asked Kahn last month. The prophet said he could see it so clearly that Japan was actually doing it! The Japanese reporters

Unofficial foreign currency rates in Hongkong (US\$ as on May 14, 1971)

Country	\$ 1.00 is worth	Official rate
Australia ..	0.89	0.89 dollar
Brunei ..	3.05	3.05
Burma ..	15.50	4.78kyat
Cambodia ..	108.00	55.00 riel
Canada ..	1.00	— dollar
Ceylon ..	15.50	0.20 rupees
Congo ..	0.90	0.87 dollars
France ..	5.49	5.50 francs
Germany (West) ..	3.47	— marks
Hong Kong ..	0.00	0.00 dollars
India ..	12.80	7.50 rupees
Indonesia ..	374.00	375.00 rupiah
Israel ..	3.00	8.50 shekel
Japan ..	358.00	360.00 yen
Kenya ..	9.25	7.14 shilling
Korea (South) ..	382.00	305 won
Laos ..	590.00	500 kip
Lebanon ..	2.17	3.15 pound
Malaysia ..	0.03	0.06 patacas
Maldives ..	8.05	8.05 dollars
Nepal ..	10.00	10.10 rupees
Netherlands ..	10.00	101.00 guilders
New Caledonia ..	101.00	101.00 francs
New Zealand ..	1.00	0.89 dollars
Pakistan ..	11.80	4.78 rupees
Philippines ..	7.10	— pesos
Singapore ..	8.05	8.05 dollars
South Africa ..	0.71	0.71 rand
Switzerland ..	4.03	4.03 francs
Taiwan ..	101.00	101.00 francs
Tanzania ..	40.55	40.00 NT\$
Thailand ..	9.75	7.14 shilling
Togo ..	2.15	20.80 baht
Uganda ..	9.75	7.14 shilling
Vietnam (South) ..	366.00	275.00 piastre
Pound to worth		
Egypt (U.A.R.) ..	1.24	2.50
Greek Britain ..	2.48	2.40
Ireland ..	2.48	2.40

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said Kahn left Sato the happiest man in Tokyo that evening.

Almost the entire attention of the Japanese foreign office today is towards diplomatic preparation for Japan's economic "offensive" that the world is bound to face. The diplomatic efforts are directed towards giving the term "offensive" a new meaning to make it welcome. To call all economic activities in the developing world "aid" is part of these efforts. It will be mean to grudge it! □

UAR

Sadat liquidates his rivals

CAIRO.

WHEN President Anwar el-Sadat sacked his formidable Vice-President on May 2, the world outside and particularly the Soviet Union did not register any visible reaction. Among informed circles in Moscow, one found no trace of any resentment over the fate of Mr Sabri, known for long to be Egypt's staunchest supporter of the Kremlin. On the contrary, *Pravda* on that day thought it fit to praise Egypt's sense of "realism" and also said that the United States policy was sometimes capable of turning towards peace initiatives. The reference obviously was to President Sadat's initiative for settlement with Israel through Washington's good offices and to the impending Rogers' mission to Cairo. It was conceded that in order to forge ahead with the peace moves President Sadat certainly needed greater flexibility.

It was indeed to gain this flexibility that President Sadat had to act swiftly and remove from positions of power besides Mr Sabri and several of his aides, even some of those who could not by any stretch of imagination be called "leftists" but were at the same time a thorn in the President's side. Mr Mahmoud Fawzy, the erstwhile Prime Minister, for example, was a known western-oriented politician. Yet like Moscow in the case of Mr Sabri Washington might perforce have to wink at the dismissal of Mr Fawzy, so that the way is clear for President Sadat's moves on the West Asian crisis.

This is an occasion for President Sadat to compliment himself even as his axe has been chopping off both left and right. His advantage is that both Moscow and Washington are keenly aware of Cairo's political tradition, which is that the President of Egypt has been the most successful only when he was able to strike a rapport with his people over the heads of the political organs which he had to build in order to back his claim for democratic functioning. There were many times in the past when Mr Sabri as the strong arm of the late President Nasser found it necessary to brush aside these very political organs to implement Nasser's policies. And now when his forces are strong in these organs it is natural that they had to go if President Sadat had to have his way.

It is in this context that few here in Cairo talk in terms of purge of the left or the right, though President Sadat's blows

Japanese aid : 1967-1970

(In million dollars)

	1967	1968	1969	1970
Grants (and grant-like contributions)	138.4	117.0	123.4	121.2
GOVERNMENTAL AID				
OFFICIAL DEVELOPMENT ASSISTANCE				
Bilateral				
For development programmes and projects including (reparation)	127.4 (81.7)	103.3 (46.4)	104.5 (41.3)	99.6 (18.2)
Technical assistance	11.0	13.7	19.0	21.6
Direct loan including (refinancing)	202.2 (40.3)	190.5 (12.5)	216.2 (5.2)	250.3 (13.9)
Total	340.6	307.4	339.6	371.5
Grants and capital subscription payments to multilateral institutions	44.7	48.8	95.9	86.5
Total	385.3	356.2	435.6	458.0
OTHER OFFICIAL FLOW				
Export credits	223.7	290.3	309.9	349.5
Direct loans finance	35.7	31.8	55.9	143.1
Contributions to multilateral institutions			10.0	201.0
Total	259.4	322.1	375.8	693.6
Total	644.7	678.3	811.4	1,151.6
PRIVATE AID				
Private export credit	161.7	280.2	299.6	386.9
Private investments and lending	48.9	90.8	144.1	205.0
Financing, participations and others in international organisations	0.1		8.0	17.5
Donations by non-profit organisations				2.9
Total	210.6	371.0	451.7	672.3
Total	855.3	1,049.3	1,263.1	1,824.0
Compared with previous year (%)	127.8	122.7	120.4	144.4
Per cent of gross national product (%)	0.71	0.74	0.76	0.93
Gross national product (\$100 million)	1,197.1	1,418.8	1,658.9	1,981.6
(Reference)				
Export credits, total	385.5	570.5	609.5	736.5
Direct investments, total	84.6	122.6	199.9	408.1

SOURCE : Ministry of International Trade and Industry.

have fallen most heavily on what are called the leftist elements. There are countries in the Arab world itself, however, which have sought to give this interpretation to the purges and the Iraqi News Agency has made it a point to publicise that the UAR Government has ordered the expulsion of as many as 3,000 Soviet experts besides banning the ships of the Soviet fleet from approaching the UAR coast.

How long Moscow will be appreciative of President Sadat's actions is not clear. While in the matter of the West Asian crisis, the UAR President has certainly bid good-bye to the earlier strategy of using the US fear of Soviet domination in the region to compel Washington to force Israel to withdraw from the occupied territories, in pursuing the Nasser-promoted Tripoli Charter of federation, he has seen to it that the pro-Moscow elements in the federation partner countries are kept out. In fact, President Sadat just did not bother about Gen Nimeiri's virtual withdrawal from the Tripoli Charter even though the Sudan was one of its founder members. And this precisely because he obviously felt that Gen Nimeiri's dependence on a strong Communist Party in the Sudan would be more of a liability in the federation. As against this, Gen Assad of Syria, the man who liquidated the radical pro-Moscow Baathist faction headed by Gen Salah Jedid and Presi-

dent Nuruddin Attassy, and Col Kazzafi, the pro-Nasser revolutionary who had just expelled from Libya the followers of the Baath, were found to be safer compatriots in the federation.

It is this anti-Communist context that had made Mr Sabri to vehemently oppose the federation move in Egypt's Higher Executive Committee, the Central Committee of the Arab Socialist Union and the National Assembly. Mr Mahmoud Fawzy had found common cause with Mr Sabri on the ground that President Sadat was trying to bypass the democratic institutions, otherwise he should have no grouse about the proposed federal structure resulting in the elimination, or the "letting down" of the Communists in the federating countries. It would appear that it is Mr Sabri and not President Sadat, who may eventually have to bear the cross for the possible liquidation of the Communists. For, it is a strange circumstance that the federation idea, very much blessed by Moscow, has found opponents among Communists in these countries. The practical politician that he is, President Sadat has exploited the situation to his advantage to such an extent as to make both Moscow and Washington wish him well. And his hope is that the federation would strengthen his position vis-à-vis Israel which would like to resist even American pressures. □

BUSINESS REPORT

From Our Own Correspondents

COTTON

Recurring shortages

BOMBAY.

COTTON shortage was a recurring phenomenon throughout the sixties. But with the turn of the decade it was hoped that there will be some improvement. However, this has not happened so far. In 1970-71, production is not expected to be more than 53 lakh bales against a target of 65 lakh bales. The Indian Cotton Development Council which met here last week discussed the situation and thought that there was no point in increasing the production target for 1971-72 when performance lagged behind the target by as much as 12 lakh bales in the preceding year. The Council, formed five years ago, has been dealing with this problem as an advisory body. Its assessment of the situation only confirms the criticism that the neglect by the Central and State Governments of cotton development programmes has largely contributed to the recurring shortages. The outlay on cotton development programmes sponsored by the Union Government was hardly Rs 90 lakhs in 1970-71. This is being raised to Rs 2 crores in the current year. But in the context of cotton imports ranging between Rs 70 crores and Rs 90 crores annually during the last few years, this allotment is hardly adequate.

How and where did the cotton development programmes go wrong? The Council thought that the package programmes and other schemes had not had the expected impact on production because the targeted areas were not covered by all the major inputs. Pure seed was not available to the required extent. Plant protection has been another area where vigorous implementation has been wanting.

There are, however, some bright spots in the present situation. On the research side, a new strain, hybrid-4, has been developed with an average yield of 35 to 40 quintals per hectare as against an average of 10 quintals from other varieties in irrigated areas and of 2.5 quintals in unirrigated areas. It should be possible to raise the output of this variety to about 4 lakh bales if the land under hybrid-4 is increased to 4 lakh hectares ultimately. West Bengal provides scope for bringing an additional 4 lakh hectares under cotton in lands vacated by paddy.

The Union Government is proposing to implement an intensive cotton district programme from 1971-72 in six irrigated districts in the country. About 5.6 lakh hectares of land are sought to be covered by this scheme. Besides, in seven unirrigated districts 1.2 lakh hectares of land are to be brought under this scheme. The programme, if successfully implemented,

should increase cotton output by about 8 lakh bales. The Council has plans for increasing cotton production which might involve an expenditure of about Rs 22 crores in the next three years. This envisages selection of about 100 areas in each State where all essential inputs including fertilisers and insecticides would be supplied to the farmers. □

COAL INDUSTRY

Basic problems

CALCUTTA.

IN the Fourth Five-Year Plan, the role allotted to the private sector collieries is much less important than that allotted to those in the public sector. The economic implication of this is naturally discouraging for the industry. The Chairman of the Indian Mining Association, Mr J. F. N. Kalyanvala, who discussed the implications at the Association's annual meeting, felt that the policy of not allowing the private sector collieries to expand according to their potential would put an end to all plans for bringing down fixed costs which were already too high; and in the context of the chronic wagon shortage and inadequate price realisation for the high grades, this could only lead to diminishing production.

Mr Kalyanvala is right. The coking coal target fixed for the private sector collieries was 20.5 million tonnes in the draft Fourth Plan. However, in the final version which came some two years later, the figure has been reduced by as much as 4.1 million tonnes to 16.4 million tonnes. Side by side, the share of the public sector has been increased to nine million tonnes. The story is not materially much different in non-coking coal. The private sector's share has been marginally raised from 44.5 million tonnes to 45.1 million tonnes, while that of the public sector to 23 million tonnes from 19.5 million tonnes. In percentage terms, this means a 67 per cent increase in public sector coal production by the Fourth Plan end, while in the case of the private sector it is about 3 per cent. Overall, taking coking and non-coking coals together, the proportional increases in the share of the two sectors work out to 83 per cent for the State-owned collieries and only 6 per cent for those run privately.

With such a restricted role, the private sector collieries, naturally, have little incentive to reorganise their methods of production scientifically and this has consequences for the economy as a whole. Coal is still the main commercial fuel for this country and the role that oil can play as a competing fuel is limited considering indigenous production and known reserves.

as also the need to save foreign exchange. The right fuel policy, therefore, ought to be that which encourages the production of coal in the least wasteful and economical way—and a policy, that restricts the role of private collieries which still produce the bulk of the country's coal, cannot be the right one.

Two of the basic problems of the coal industry today centre on inadequate and irregular availability of wagons and the loss of markets through increasing railway dieselisation and increased use of oil in industry. The first problem has received the attention of successive Railway Ministers, including Mr G. L. Nanda who once ordered a crash programme of coal movement by the railways, but so far no satisfactory or lasting solution has been found. Perhaps a special committee, consisting of the representatives of the collieries and railways, could go a long way in finding an answer acceptable to both the parties. Movement is, indeed, at the very heart of the coal business, and if this suffers, the producers and consumers suffer alike. □

INDO-JAPANESE CO-OPERATION

A reverse flow of dollars

TOKYO

A SIGNIFICANT fact about Indo-Japanese economic co-operation today is that more dollars flow into Japan from India than *vice versa*. During the current year, for example, Japan received more than 45 million dollars from India in repayment of principal and interest on account of yen credit and suppliers' credit and as much as half of it was on account of interest. In the past five years, India has repaid Japan 141 million dollars on yen credit account and another estimated 125 million dollars on suppliers' credit account. During the same period India received only about 155 million dollars in yen credit. There are many other figures to show how "successful" have Japan's aid policies been so far.

In Japan's aid policy there is a broad geographic division of developing world—a country like Indonesia receives credits from Overseas Economic Co-operation Fund (OECF) and another like India belongs to the area looked after by Export-Import Bank. The OECF is controlled by the Foreign Ministry and, therefore, is used to further Japan's diplomatic interests in a direct manner. The Foreign Office decides the quantum and terms of aid and even directly administers it through its own agency headed by a Director-General. The Finance Ministry is kept informed in a general way but no interference from it is tolerated. The rate of interest for aid from this fund is low: Indonesia is charged only 3 per cent against 5 per cent for India.

What is expected in return is some political satisfaction, as Indonesia, for example, gives Indonesia was given 155 million dollars in April this year, all in yen.

and all of it is to be repaid in yen. Last year she was given 120 million dollars. Yen repayment means Indonesia has to earn yen and since yen is not to be had on international money market, the only way she can have it is by taking all her wares produced with Japanese aid to Japan. A further consequence of this procedure is tying up Indonesia (or any other country so completely dependent on Japan as Indonesia is) to the greater economy of Japan. Even then demand to be treated by this fund is increasing every year. India, for example, suggests every year that at least some of her requirements could come from the OECF. Till this year no aid from the OECF has come. But the chances are she might get part of assistance from this fund next year as Japanese aid policies come more and more under the control of the Foreign Office which feels the need of using aid to further its diplomacy. □

FORESTRY

World Bank team in Uttar Pradesh

LUCKNOW.

A THREE-MEMBER World Bank team, led by Mr R. D. H. Rowe, has made a survey of the possibilities of forestry development in Uttar Pradesh. The team's visit was in connection with a forestry project for which World Bank aid had been sought. The project envisages expenditure of about Rs 30 crores, spread over a period of ten years. The salient features of this project are: afforestation of nearly 220,000 hectares with species of industrial importance, setting up of four logging units with a chain of 12 saw mills and improvement of communications in the forest area. The team arrived in India on May 3, and held discussions with the Union Finance and Agriculture Ministers, the Planning Commission and representatives of the UP Government. According to Mr Rowe, there are immense prospects for the development of forests in the State for industrial purposes.

The plantation activity under the various five-year plans has been based on the anticipated demands for future. Although the achievements under the first two Five-Year Plans were not significant, mainly due to low financial resources, the plantation activity under the Third Five-Year Plan was kept at an increased pace. To meet the requirements of industries like matchwood, plywood, fibre board, "katha", packing cases and wood working, etc, large-scale plantations of industrially important species are being raised under a special scheme. Up to the end of 1970-71, 99,720 hectares have been planted at an expenditure of Rs 5.60 crores. The proposed target for 1971-72 is for raising plantations on over 8,800 hectares at an anticipated expenditure of Rs 60 lakhs.

The eucalyptus plantation in the Terai region, which had impressed the World Bank team, is being worked on a short rotation of 10 years. It is anticipated that the yield from this plantation would be able to feed one unit of 200 tonnes-per-day capacity for manufacture of rayon and pulp. □

Take-over of general insurance

MR S. S. KANORIA, President of the Federation of Indian Chambers of Commerce and Industry, says that the take-over of general insurance had come as a surprise, although it has been part of the programme of the ruling Congress party, in view of the fact that there were a number of more pressing issues before the people such as provision of employment and a better deal to the poorer sections of the community. According to Mr Kanoria, the take-over would affect the climate for foreign investment in India. It cannot achieve the "priority objectives" set by the ruling party. On the other hand, as a result of increasing bureaucratisation it will place unnecessary additional burden on the Union Government's administrative and financial resources.

Mr S. N. Dalmia, President of the Merchants Chamber of Commerce, Calcutta, says that the take-over of general insurance was not surprising as it was only a step forward consistent with the declared policy of the Prime Minister. The Government may not gain much by this as the total amount involved in it is not substantial.

Mr M. Sankaran, President of the Madras Stock Exchange, says that the take-over announcement was not altogether a surprise as the stock markets were getting prepared for a "few shocks" in the coming Budget. The take-over would close one more avenue which was funneling funds for the private sector industry and would result in a setback in stock prices.

Mr Rasiklal M. Mehta, President of the Andhra Chamber of Commerce, says, the economic advantages or otherwise of the take-over could be seen only in its actual working. Mr Mehta hopes that the claim settlements would be as expeditious under the new set-up than in the past.

Dr B. N. Ghosh, President of the Bengal National Chamber of Commerce and Industry, says that the take-over of general insurance companies is another instance of Government action without any economic justification.

Mr C. M. Telliwala, Chairman, Indian Insurance Companies Association describes the take-over of General Insurance Companies as "most inappropriate". General insurance is a service industry which, probably, will be difficult to administer effectively in the public sector.

Shipping on new routes

Mr L. N. Birla, Chairman of All-India Shippers Council, says that shipping lines should provide services on new routes even though these routes may not be profitable on the basis of present traffic assessment. From a long-term point of view that takes national interests into consideration, it is desirable to provide services on new routes in order to promote export and earn more foreign exchange. Even if shipping com-

BUSINESS OPINION

panies temporarily suffer losses in providing service on new routes such losses would be justified from the point of view of economic development of the nation. Referring to the problem of discriminatory freight rates Mr Birla says that there is need for compiling indices of shipping costs applicable to the various routes. There is also the need for urgent action to strengthen the existing institutional machinery to secure fair freight for our export cargo and provide improved shipping opportunities for it. One of the reasons for high freight rates is the lower turn-round of ships in Indian ports. The high occupancy in our ports—which in some cases as high as 95-97 per cent—is also creating countless problems.

Food industry

Mr M. A. Wadud Khan, President of All-India Food Preservers Association, says that the Government should make available 5,000 to 6,000 tonnes of sugar at international price for the food-preserving industry to boost its exports. The Food Ministry should also recommend amendment of rules under the Prevention of Food Adulteration Act which sometimes work as "counter-productive" for the industry.

Suggestions for Budget

The Bombay Shareholders' Association says that the Union Government should lay emphasis on collecting more revenue through growth rather than increasing the present rate of taxation. In a memorandum to the Union Minister of Finance, Mr Y. B. Chavan, the Association says that the effective rate of tax on all companies should be reduced to a uniform level at 50 per cent and the marginal rate, including surcharge, should not be permitted to exceed 60 per cent. The combined incidence of direct taxes on individuals should have a ceiling of 75 per cent; inter-corporate tax on dividends should be abolished; the present exemption limit of Rs 3,000 on dividend for income-tax purposes should be raised to Rs 5,000; exemption limit on individual incomes should be raised to Rs 7,500 and the system of deduction at sources from dividend and interest at 22 per cent and 10 per cent respectively should be abolished.

Import policy

Mr V. S. Bhatia, Chairman of the Calcutta Import and Export Trade Association, says that the Government should form a consultative machinery with the co-operation of the existing trade association for implementing the new import policy. This machinery should solve the problems as and when they arise as there is nothing more frustrating for an exporter than the delay in getting the essential imported inputs.

INTERNATIONAL TRADE AND PAYMENTS SYSTEM

Need for a fresh look

By L. K. Jha

WHEN we look at the world today, we notice some similarities to the situation which preceded the breakdown of international trade and payments in the thirties. There is an acute imbalance in the trade and payments of the western world. The US has been steadily losing gold for a number of years and the measures taken to combat domestic recession and unemployment are encouraging the outflow of dollars. Protectionism is in the air. The Common Market and Japan, on the other side, despite large and continuing surpluses, maintain many restrictions on imports, specially on agricultural products. The developing countries, who are desperately short of capital and whose export earnings are hampered by fluctuations in commodity prices and restrictions imposed by prosperous nations, face a chronic deficit in their payments. The Soviet Union and East European countries as well as China have an enormous and growing volume of trade which is regulated by a series of *ad hoc* arrangements, often of a ding-dong character, rather than as a part of an international system of trade and payments.

The three international agencies which were created shortly after World War II—the International Monetary Fund, the World Bank and the General Agreement on Tariffs and Trade—between them, have made a truly magnificent contribution towards bringing about a better order in international trade and payments in the post-war period.

However, international institutions are bound by their charters. When conditions change, when assumptions on which the charters were framed cease to be valid, we must take a fresh look at the role of international institutions, not with a view to bypass them, not with a view to find excuses for unilateral or bilateral measures which may start eroding their role, but to give them the kind of impetus and support they need to deal with new problems.

When the charter of the International Monetary Fund was being framed, with the pre-war experience of the damage done by devaluations and fluctuations in exchange rates, the emphasis was on the stability of exchange rates. The need for occasional changes was, of course, recognised. Keynes, under whom I had the privilege of working, saw it very clearly indeed that countries might have to adopt a policy of monetary expansion and cheap interest rates to fight unemployment and recession and that such measures may cause an outflow from their gold reserves. However, it was assumed that when imbalances develop the countries concerned would take suitable steps for the regulation of capital movements and, if necessary, adjust their exchange rates with the Fund's approval.

Post-war experience shows that, as a

Excerpts from a speech delivered by Mr Jha, India's Ambassador in the US, at the Economic Club, New York, on May 4.

rule, countries resist any changes, upward or downward, in their exchange rates, and the maintenance of restrictions on capital movements for any length of time has been rejected as being both undesirable and impracticable. So, when West Germany has larger reserves of gold and foreign exchange than the United States, and the increasing outflow of dollars from the US to the Common Market is equally unwelcome on both sides, the situation cannot be dealt with just by hoping that the German mark would be revalued again, or as was suggested recently by France that the US dollar could be devalued.

What we need is the kind of joint thinking which has, time and again, dealt with one crisis after another. When speculative pressures threatened individual currencies, central banks evolved counter-measures to deal with them. When gold was being drained away from the monetary reserves of major countries by speculative demand, they were able to agree upon the two-tier pricing system for gold. When the international payments system began facing a lack of liquidity, the problem was brought within the purview of the International Monetary Fund, and a major step forward was taken with the creation of paper money known as special drawing rights to supplement the availability of gold to the world monetary system.

It is precisely this kind of fresh thinking uninhibited by old traditions that I am pleading for, to be taken now rather than when a crisis actually overtakes us. In the search of an answer not only the payments system but trade policies as well as capital movements will have to be under review.

Let me now turn to the chronic deficit which confronts the developing countries in their trade and payments. It is unfortunate that except for India none of the dependent territories in Asia and Africa were in at the inception of the Fund, the Bank and the Gatt. The kind of problems developing countries would have to face in their attempt to provide tolerable living standards for their people was not clearly foreseen at the time. Since then, there has been a growing awareness of what is needed to accelerate the pace of their development. But what has been done so far is by no means adequate.

At the review session of the Gatt in 1954, in which I was actively involved, the chronic nature of the balance of payments problem of developing countries was recognised. So, they were given a great deal of extra latitude in restricting imports. The International Monetary Fund, recognising the vulnerability of balance of payments of developing countries to seasonal factors affecting their agricultural crops or fluctuations in the prices of primary commodities, has agreed to provide them special credits to deal with the situation. The World Bank, recognising that its original charter was not quite adequate for providing the kind of capital assistance that developing

countries needed, set up an affiliate known as the International Development Association which can and does provide capital to developing countries on terms much more suited to their needs and objectives.

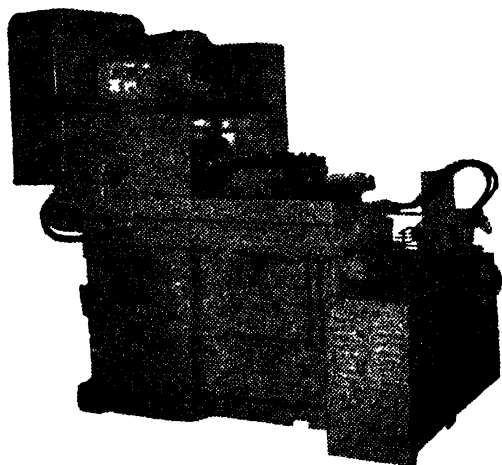
All this progress is in the right direction but has not gone far enough. In the United Nations Conference on Trade and Development as well as elsewhere, more positive recommendations have been formulated to help developing countries to increase their exports by giving them preferential access to markets of industrialised countries and by measures to stabilise commodity prices. It has also been urged that developed countries should contribute 1 per cent of their national income to alleviate the desperate shortage of capital in developing countries. Implementation of these recommendations is not proceeding with the kind of urgency that the situation demands.

Finally, let me say a few brief words about the widening area of trading of the communist world with the non-communist world. When discussions were proceeding after World War II for the formation of new international agencies in the field of international economic relations, it was expected that the Soviet Union and other East European countries would join them. With the development of cold war tensions, this hope was belied. East-West trade shrank into insignificance. The expansion, which has lately been taking place in this trade and the new potential for Sino-US trade, are undoubtedly to be welcomed as a long-term development. At the same time, their immediate impact on established patterns of trade can be disturbing. Here again, foresight, strengthened by co-operation among all concerned, is needed to ensure that the widening of markets leads to prosperity and growth without disruption or dislocation.

It is against this background that I plead for a fresh look at the international trade and payments system. Unilateral action to deal with problems confronting individual countries is fraught with danger and if the major nations resort to it, the result may be as disastrous as in the thirties. Bilateral arrangements or agreements within a group of countries can be just as bad if they create new problems for third countries. So, the approach has to be truly multilateral.

In terms of productive capacity, the world has never been as rich as it is today. The main area of concern seems to be that some of the countries with the highest production potential are not able to use their capacity to the full. Yet, in other parts of the globe, there are desperate shortages and unsatisfied demands. Surely, the best way to solve the problem of recession is to find ways and means of linking idle capacity with unsatisfied demand. The attempt to fight recession by artificially stimulating domestic demand or by curtailing competition from overseas is to adopt a negative approach. Similarly, it seems to me to be tragic that some countries are getting an inflow of capital which they do not want, while others are unable to get even a fraction of their needs. What the situation demands is a fresh look on the whole gamut of international trade and payments in order that the international institutions are equipped to convert what look like threats into opportunities. □

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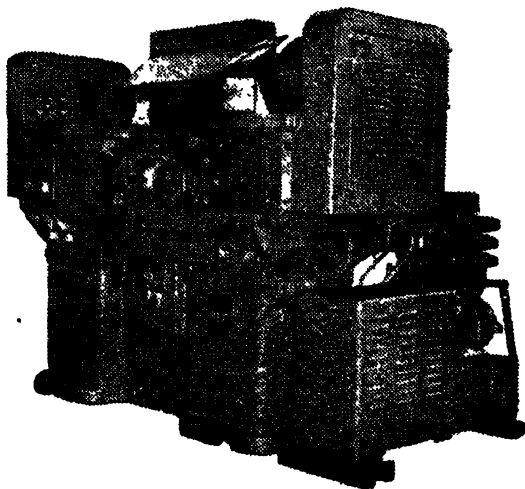
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GENERAL INSURANCE TAKE-OVER

Background and implications

By Commerce Research Bureau

THE announcement regarding the take-over of the management of all the 106 Indian as well as foreign general insurance companies by the Central Government through the promulgation of a Presidential Ordinance on May 13, 1971, did not startle those in the general insurance business. In its election manifesto, the ruling Congress party had committed itself to this measure unequivocally. Its implementation was only a matter of time. Perhaps, the actual timing was, at least in part, influenced by the reverses of the ruling Congress party in the election to the New Delhi Corporation.

The nationalisation of general insurance became an important plank of the programme of the Congress party only recently. Even as late as 1956 when life insurance was nationalised, it was made specifically clear that it was not a part of the long-term programme of the Government to nationalise general insurance. During the later years, the issue was raised by the radical wing of the party. But the Government refused to yield. In particular, in 1960, Mr B. R. Bhagat, the then Deputy Finance Minister, made an authoritative statement refecting the plea for nationalisation of general insurance on the following grounds: (a) "There are no resources to any significant extent... in this business". (b) "The profits in this business are slight." (c) "The evils in this business, to a large extent, may be found in some form or the other elsewhere also. We cannot go on nationalising one after another on this ground".

However, at the New Delhi session of the AICC in June 1967, the nationalisation of general insurance was included in the well-known 10-

point programme of the undivided Congress. Later, the ruling Congress adopted it as one of the major planks of its mid-term election manifesto.

The modern insurance business was started in India by the British and other foreigners around 1800. As a result, foreigners dominated the general insurance business in India. Then, despite great odds, Indians forced their entry into this business. After Independence, Indian units made much headway and increased their share of the business. By the end of 1969, the Indian units dominated the business with 82 per cent of the total insurance business (gross direct premium) written in India (Table 1).

Like other industries, this industry also shows a considerable degree of concentration (Table 2).

Table 2 : Position of leading general insurance companies : 1968

(Rs. crores)				
	Premium less re-insurance for 1968	Per cent to total	Total assets as at 1968-end	Per cent to total
	(1)	(2)	(3)	(4)
New India ..	24.08	21.3	41.17	21.9
Oriental Fire & General ..	10.35	9.2	20.15	10.7
Ruby General ..	3.70	3.3	6.86	3.6
British India ..	3.38	3.0	4.51	2.4
Madras Motor ..	2.68	2.3	4.62	2.5
New Great ..	2.02	1.8	4.19	2.2
Indian Trade ..	2.00	1.8	3.10	1.6
National ..	1.66	1.5	2.42	1.3
South India ..	1.60	1.4	2.48	1.3
Hercules ..	1.53	1.3	3.31	1.8
Concord of India..	1.46	1.3	3.02	1.6
Total for top 11 companies	54.36	48.2	95.83	50.9
Total for other 61 companies ..	41.44	36.8	66.66	35.4
Total for 72 Indian companies ..	95.80	85.0	162.49	86.3
Total for 57 non-Indian companies ..	16.92	15.0	25.82	13.7
Total for 129 companies ..	112.72	100.0	188.31	100.0

SOURCE : Indian Insurance Yearbook : 1969.

Compensation

Since the Ordinance relates to the take-over of only the management of the general insurance companies initially and not the take-over of their assets, it defines the basis for working out the compensation for the management take-over only. The terms of such compensation are as under :

During the period of the management remaining with the Government, the compensation in the case of Indian insurers (other than mutuals) will be one-twelfth of the average annual profits distributed during the three years 1967, 1968 and 1969 or Rs 2.50 for every thousand rupees or part thereof of the net premium income of the undertaking of the insurer during 1969,

whichever is greater. For all other insurers, including foreign insurers, the latter basis will apply.

On the basis of the second alternative, the Government expects that the compensation payable would work out to Rs 28 lakhs per month of the take-over period. The Government is aware that the actual amount of compensation may be higher because of the "profit basis" mentioned earlier which may apply in some cases. The proposed bill on nationalisation of the general insurance companies will lay down the actual amounts of compensation to be paid for take-over of the assets of the nationalised companies.

Resources

The general expectation at the back of this move to nationalise the general insurance business seems to have been that it would place sizable additional resources in the hands of the Government. This expectation seems to be rather over-optimistic. The word "resources" may be used in two senses: capital and current. To begin with the capital resources, the actual position at the end of 1968 (which is the latest year for which data are available) is as under :

Table 3 : Structure of assets of insurance companies at the end of 1968

Types of assets	Ra. crores	Per cent to total assets
1. Government securities ..	12.28	6.6
2. Securities of Indian companies ..	65.83	35.0
3. Lands and buildings ..	7.44	4.0
4. Loans ..	5.83	3.1
5. Agents' balances, outstanding premia and amounts due from other insurers ..	37.94	20.2
6. Accrued and outstanding interest ..	1.09	0.6
7. Other miscellaneous ..	15.28	8.1
8. Deposits, cash and stamps..	42.09	22.4
Total ..	187.78	100.0

SOURCE : Indian Insurance Yearbook : 1969.

It would be broadly evident from these data that the only item which can be regarded as somewhat free or available resource is "deposits, cash and stamps" (Rs 42.09 crores). Much of it is already deposited in the nationalised banks or even if one takes a different view, a sizable part of the amount would have to be allowed to be kept with the insurance companies for the normal running of the business.

The Government spokesmen have tried to play up the fact that, at the end of 1968, the assets of these companies amounted to Rs 240 crores. It is rather misleading to concentrate too much on the figure of total assets. As can be seen from Table 3 much of it is either unavailable or frozen because of the particular form of the asset; for example, lands and buildings, investment in government securities and other similar items.

Turning to the current resources, the total income of the Indian general insurance companies (excluding the LIC) in

Table 1 : Gross premium written direct in India by general insurance business

(Rs. crores)					
Year	No. of insurers		Gross direct premium		
	Indian	Non-Indian	Indian	Non-Indian	Total
1	2	3	4	5	6
1930 ..	22	118	0.61 (21.5)	2.23 (78.5)	2.84 (100.0)
1940 ..	34	87	1.17 (32.5)	2.43 (67.5)	3.60 (100.0)
1950 ..	100	101	9.78 (53.5)	8.50 (46.5)	18.28 (100.0)
1955 ..	101	104	13.77 (59.6)	9.32 (40.4)	23.09 (100.0)
1960 ..	88	78	27.23 (71.2)	11.04 (28.8)	38.27 (100.0)
1965 ..	73	64	51.92 (74.7)	17.58 (25.3)	69.50 (100.0)
1966 ..	73	59	59.38 (76.2)	19.61 (24.8)	78.99 (100.0)
1967 ..	73	59	72.02 (78.3)	22.00 (21.7)	94.02 (100.0)
1968 ..	72	57	83.51 (77.6)	24.13 (22.4)	107.64 (100.0)
1969 ..	64	42	108.00 (82.4)	23.00 (17.6)	131.00 (100.0)

Note : Figures in brackets denote the percentages.

SOURCES : (1) The Controller of Insurance, Indian Insurance Year Books for various years, for data up to 1968.

(2) Government Press Release for 1969 data.

1968 was of the order of Rs 92 crores (Table 4). But against that, there were the usual payments on account of claims and other expenses of management, leaving a profit after tax of about Rs 3.6 crores. Taken in isolation, Rs 3.6 crores may seem a sizable figure. But, if we take into account the full implications of the additional responsibility of the government sector, perhaps all this trouble may not be worth Rs 3.6 crores.

Table 4 : Income and expenditure of Indian general insurance companies (excluding LIC)

(Rs. crores)			
Particulars	1966	1967	1968
Income			
Premiums less reinsurance :			
In India	43.38	50.17	59.56
Outside India .. .	27.27	31.27	30.05
Not interest, dividends and rents	1.60	1.85	2.15
Other income	4.17	0.14	0.12
Total income ..	76.42	83.43	91.88
Expenditure			
Claims less reinsurance ..	40.94	42.88	49.17
Not commission	11.58	13.73	14.88
Expenses of management ..	14.51	16.62	18.49
Miscellaneous outgo	0.21	0.69	0.79
Total expenditure ..	67.24	73.92	83.33
Excess of income over expenditure ..	9.24	9.51	8.55

SOURCE : *The Indian Insurance Year Book* for 1967, 1968 and 1969.

What first comes to one's mind in this context is the problems relating to employees. There will soon be a demand for putting the salaries and other benefits of employees of all the general insurance companies on a uniform basis. One can take it that in due course this demand would be granted. If on top of this, there is further deterioration in the working of the general insurance business the consequence will be that whatever profits the insurance companies have would soon disappear. In sum, any hope of securing additional financial resources through the ownership of these companies appears to be misplaced.

Awkward problems

The general insurance business is far more complicated than the life insurance business in the sense that the settlement of the claim in respect of each insurance policy is a sort of a compromise on potential litigation. While in life insurance the policies are offered to clients on the basis of a few standard plans, in the case of general insurance, one has to devise almost a new policy with its own specific set of terms and conditions for each new type of risk involved, and all this mostly at a short notice. The settlement of claims has to be made every time on the basis of a fresh and detailed assessment of the magnitude of the actual damage suffered by the client. In life insurance, if a claim is to be paid, the amount to be paid is a clear-cut figure. But in general insurance, the policy specifies only the upper limit of the payment to be made. Thus, the functioning of the industry calls for a lot of decentralisation, initiative at the lower level and expedition.

The very nature of general insurance business demands a subjective decision on the spur of the moment from the officer-in-

charge. An officer in this industry can function efficiently only if his judgment in settling claims is not called into question either in the head office or in Parliament and only if he enjoys wide discretionary powers to accept risks and settle claims as they arise. In this connection, it is well

From polypoly to oligopoly

From Our Insurance Correspondent

THE take-over of non-life insurance by the Government has been in the air for years. But when it came there was, however, an element of surprise in its timing. It was not expected to be pushed through before the amendment of the Constitution to take care of immediate compensation for the take-over. This problem has now been solved by providing for interim compensation; final compensation will be given only after Parliament passes the nationalisation bill.

The bill for the complete take-over of the general insurance companies' assets, liabilities and staff will come after the amendment of the Constitution which will probably be introduced in Parliament in June. It is, therefore, safe to assume that the General Insurance Corporation will come into effect from January 1, 1972. This is a very convenient date for many reasons. Most reinsurance treaties and arrangements will expire on December 31, 1971. If the idea is to save foreign exchange, the question of reinsurance abroad will have to be examined by the General Insurance Corporation. It is expected that the need for reinsurance abroad will be considerably reduced in 1972. The combined resources of many companies will be sufficient to retain substantial risks within the Corporations. Again, if four corporations are formed, each corporation will first cede its excessive risks to the other three corporations before the question of cessation abroad arises. The net result will be that the quantum of and need for reinsurance both within and outside India will be very much reduced.

The best part of the proposed nationalisation is the scheme to have four corporations competing with one another. Insurance is a service industry and competition is essential to maintain it in good condition. It is to be hoped that the four corporations will compete in providing efficient service to the client. They must compete for competent staff by paying them well and they must compete for good business by quoting their own rates, terms and conditions for which they want to underwrite. As the take-over ordinance says, the policyholders' interests are to be protected. So the policyholder should have a right to transfer his business wherever he gets cheaper or better insurance and nobody should question his judgment. Now that the Government will be owning those corporations, there cannot be any illegal rebates and other malpractices.

This is a golden opportunity for the Government to take a realistic view of the situation and let the General Insurance Corporations do life business also if they feel like it. The quality of service to the insured has deteriorated and this is a right time to put the LIC in proper gear.

Existing units in their present form

to remember that about ten thousand policies are issued every day and about five lakh claims are settled annually. Any way, the die is cast. Right or wrong, the decision has been taken. Let us hope that every effort would be made to foster competition and efficiency in this industry.

should be merged with the new corporations with the least dislocation of service conditions of the employees. Even physical shifting and transfers should be carefully planned and effected. It is expected that the four corporations would have their headquarters at Bombay, Calcutta, Madras and Delhi. For speedy operation, offices with their headquarters in Calcutta will be taken over by the Calcutta or Eastern General Insurance Corporation. This will mean that Bombay Corporation will be by far the biggest with the largest business and staff. This situation can be improved by having two corporations with headquarters in Bombay.

The poor performance of the public sector organisations so far must have convinced the Government that these corporations must bring the emoluments and perquisites of their senior executives in line with those in the private sector. The general insurance corporations should also be autonomous for all practical purposes and should be able to follow their own labour, investment and expansion policies without much interference from the Finance Ministry. The Government have their hands full with many problems and insurance, like nationalised banking, can become a real problem if small men in the Department of Insurance are given wide powers to tamper with the autonomous running of corporations. This can be easily done immediately by letting the custodians run the companies to the best of their abilities leaving initiative and responsibilities with the lower staff as before. It is, of course, assumed that the custodians are people with considerable experience of general insurance in responsible positions and yet not too old to take the initiative and bold decisions.

Foreign companies will lose a substantial portion of their profit from India, and even their highly paid expatriate staff will have to be sent back to their respective head offices. Their immediate loss, however, will be a gain in the long run as their contacts will enable them to exchange reinsurance on a profitable basis for years to come without the intermediate cost of a broker.

Branches of Indian companies abroad might have to be wound up sooner or later even in territories where there is a substantial Indian population. This, again, might turn out to be a gain in the long run as overseas branches of Indian companies were never a source of foreign exchange gain, and poor countries like India cannot afford the psychological luxury of a place on the world map. Our immediate problem will be to have a well-run office in all Indian cities where the control should ultimately pass from the glorified agent to the administrative underwriter. □

DOCUMENTS

General Insurance (Emergency Provisions) Ordinance, 1971

NEW DELHI, May 14 (PTI)

The following is the text of the General Insurance (Emergency Provisions) Ordinance, 1971, promulgated by the President on May 13 for the take-over of general insurance

"Promulgated by the President in the 22nd year of the Republic of India

An ordinance to provide for the taking over, in the public interest, of the management of general insurance business pending nationalisation of such business

Whereas it is expedient in the public interest that general insurance business should be nationalised,

And whereas it is expedient that pending such nationalisation, adequate steps should be taken to protect the interests of the policy holders,

And whereas Parliament is not in session and the President is satisfied that circumstances exist which render it necessary for him to take into immediate action,

Now, therefore, in exercise of the powers conferred by clause (1) of Article 123 of the Constitution, the President is pleased to promulgate the following ordinance:

1 (1) This ordinance may be called the General Insurance (Emergency Provisions) Ordinance, 1971 (2) It shall come into force at once.

2 In this ordinance, unless the context otherwise requires

(a) "Appointed day" means the date on which this ordinance comes into force,

(b) "Custodian" means the person appointed under Section 4 to take over the management of the undertaking of any insurer;

(c) "General insurance business" means fire, marine or miscellaneous insurance business, whether carried on singly or in combination with one or more of them, but does not include capital redemption business and annuity certain business,

(d) "Insurance Act" means the Insurance Act, 1938,

(e) "Insurer" means an insurer, as defined in the Insurance Act, who carries on general insurance business in India, and includes an insurer whose registration under that Act has not remained wholly cancelled for a period of six months immediately before the appointed day, but does not include the Life Insurance Corporation of India established under the Life Insurance Corporation Act, 1956, or any State Government which carries on general insurance business;

(f) "Notified order" means an order notified in the official gazette;

(g) "Prescribed" means prescribed by rules made under this ordinance;

(h) "Undertaking", in relation to an insurer incorporated outside India, means the undertaking of that insurer in India,

(i) Words and expressions used herein but not defined, and defined in the Insurance Act, have the meanings respectively assigned to them in that Act

3 (1) On and from the appointed day, the management of the undertakings of all insurers shall vest in the Central Government, and, pending the appointment of a custodian for the undertaking of any insurer, the persons in charge of the management of such undertaking immediately before the appointed day shall, on and from the appointed day, be in charge of the management of the undertaking for and on behalf of the Central Government, and the management of the undertaking of the insurer shall be carried on by them subject to the provisions contained in sub-sections (3) and (5) and to such further directions, if any, as the Central Government may give to them by notice addressed and sent to the principal officer of the insurer

(2) Any contract, whether express or implied, providing for the management of the undertaking of an insurer, made before the appointed day between the insurer and any person in charge of the management of such undertaking immediately before the appointed day, shall be deemed to have terminated on the appointed day

(3) No insurer shall, without the previous approval of the person specified by the Central Government in this behalf in respect of that insurer (hereinafter referred to as the "authorised person"),—

(a) Make any payment or grant any loan otherwise than in accordance with the normal practice observed by him in respect of such matters immediately before the appointed day,

(b) Incur any expenditure from the assets appertaining to the undertaking otherwise than for the purpose of making routine payments of salaries or commissions to employees, insurance agents or for the purpose of meeting the routine day to day expenditure;

(c) Transfer or otherwise dispose of any such assets or create any charge, hypothecation, lien or other encumbrance thereon;

(d) Invest in any manner any moneys forming part of such assets;

(e) Acquire any immovable property out of any moneys forming part of such assets;

(f) Enter into any contract of service or agency whether expressly or by implication, for purposes connected wholly or partly with the undertaking or vary the terms and

conditions of any such contract subsisting on the appointed day;

(g) Enter into any other transaction relating to the undertaking of the insurer other than a contract relating to the transaction of general insurance business or vary the terms and conditions of any agreement relating to any such transaction subsisting at the commencement of this ordinance

(4) The approval of the authorised person may be given either generally in relation to certain classes of transactions of the insurer or specially in relation to any of his transactions.

(5) Every insurer shall deposit all securities and documents of title to any assets appertaining to the undertaking in any scheduled bank or nationalised bank in which the insurer had an account immediately before the appointed day or in any branch of the State Bank in the place where the head office or the principal office of the insurer is situated or, where there is no branch of the State Bank in such place, the nearest branch of the State Bank, and no such security or document shall be withdrawn from the scheduled bank, the nationalised bank or the State Bank, as the case may be, except with the permission of the authorised person

Provided that nothing contained in this sub-section shall apply to any security or document of title kept in trust with an official trustee in pursuance of the articles of association of an insurer unless the Central Government, by notified order, otherwise directs

Explanation In this sub-section

(a) "Scheduled Bank" means a bank included for the time being in the Second Schedule to the Reserve Bank of India Act, 1934,

(b) "State Bank" means the State Bank of India constituted under the State Bank of India Act, 1955,

(c) "Nationalised bank" means a corresponding new bank as defined in the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970

(6) Every insurer shall deliver forthwith to the person specified in this behalf by the Central Government in respect of that insurer the following documents namely:

(a) The minutes book or any other book in India containing all resolutions upto the appointed day of the persons in charge of the management of the undertaking before the appointed day;

(b) The current cheque books relating to the undertaking which are at the head office or the principal office of the insurer;

(c) All registers or other books containing particulars relating to the investment of any moneys appertaining to the undertaking including investments on mortgaged properties and all loans granted and advances made;

(d) All brokers' notes or certificates in the possession of the insurer in respect of any orders for the investment of any moneys appertaining to the undertaking.

(7) Without prejudice to the generality of the powers conferred by sub-section (1) and to the provisions contained in sub-sections (3), (5) and (6) any direction issued under sub-section (1) may require the persons in charge of the management of the undertaking of an insurer under this ordinance to furnish to the Central Government or to the authorised person such returns, statements and other information relating to the undertaking as may be mentioned in the direction.

(8) The persons in charge of the management of the undertaking of an insurer under this ordinance shall be entitled to such remuneration, whether by way of allowance or salary or perquisites as the Central Government may fix; and any such person may, by giving one month's notice in writing to the Central Government of his intention so to do, relinquish charge of the management of the undertaking.

4 (1) The Central Government may, as soon as it is convenient administratively so to do, appoint any person as custodian for the purpose of taking over the management of the undertaking of an insurer and the person so appointed shall carry on the management of the undertaking of the insurer for and on behalf of the Central Government.

(2) On the appointment of a custodian under sub-section (1), the charge of management of the undertaking of the insurer shall vest in him and all persons in charge of the management of such undertaking immediately before such appointment shall cease to be in charge of such management and shall be bound to deliver to the custodian all books of account, registers or other documents in their custody relating to the undertaking of the insurer.

(3) Nothing contained in sub-sections (3) (5) and (6) of Section 3 shall apply to any insurer the charge of management of whose undertaking has been taken over by the custodian, but the Central Government may issue such directions to the custodian as to his powers and duties as it deems desirable in the circumstances of the case, and the custodian may apply to the Central Government at any time for instructions as to the manner in which he shall conduct the management of the undertaking of the insurer or in relation to any matter arising in the course of such management.

(4) The custodian shall receive from the funds of the undertaking for the charge of management of which he is appointed under sub-section (1) such remuneration as the Central Government may fix.

(5) The custodian shall hold office during the pleasure of the Central Government.

5 The custodian may, in relation to the undertaking of any insurer the charge of management of which has been taken over by him, exercise:

(a) All or any of the powers which the Controller of Insurance may exercise under Section 106 or Section 107 of the Insurance Act;

(b) All or any of the powers under Section 52B, Section 52BB, Section 52C or Section 52D of the Insurance Act which an administrator appointed under Section 52A of that Act could have exercised in

relation to life insurance business of an insurer.

6 (1) Every insurer shall be given by the Central Government compensation for the vesting in it under Section 3 of the management of the undertaking of the insurer.

(2) For every month during which the management of the undertaking of the insurer remains vested in the Central Government, the amount of compensation referred to in sub-section (1) shall be

(A) In the case of an insurer referred to in clause (b) of sub-section (9) of Section 2 of the Insurance Act

(i) Where the insurer has declared a dividend during at least one of the three calendar years 1967, 1968 and 1969—

(a) A sum equal to one-twelfth of the annual average (for the three years) of the amount distributed to shareholders as dividend, or

(b) A sum equal to two and a half rupees for every thousand rupees or part thereof of the net premium income of the undertaking of the insurer during the year 1969, whichever is greater;

(ii) In any other case, a sum equal to two and a half rupees for every thousand rupees or part thereof of the net premium income of the undertaking of the insurer during the year 1969,

(B) In the case of an insurer referred to in clause (a) of sub-section (9) of Section 2 of the Insurance Act, a sum equal to two and a half rupees for every thousand rupees or part thereof of the net premium income of the undertaking of the insurer in India during the year 1969.

7 (1) The compensation referred to in Section 6 shall be paid by the Central Government in cash to every insurer.

(2) The compensation received by an insurer under Section 6 shall be dealt with by him in such manner as may be prescribed.

8 If any person

(a) fails to deliver to the custodian any books of account, registers or any other documents in his custody relating to the undertaking of an insurer in respect of the management of which the custodian has been appointed, or

(b) retains any property of such insurer appertaining to the undertaking of the insurer, or

(c) fails to comply with the provisions contained in sub-section (3) or sub-section (5) or sub-section (6) of Section 3, or

(d) fails to comply with any directions issued under sub-section (1) or sub-section (7) of Section 3, he shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

9. No proceeding for the winding up of an insurer, the management of whose undertaking has vested in the Central Government under this ordinance, or for the appointment of a receiver in respect of such business, shall lie in any court.

10. In computing the period of limitation prescribed by any law for the time being in force for any suit or application against any person by an insurer in respect

of any matter arising out of his undertaking the time during which this ordinance is in force shall be excluded.

11 The provisions of this ordinance shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force or in any instrument having effect by virtue of any law other than this ordinance.

12 The Central Government may, by notified order, direct that all or any of the powers exercisable by it under this ordinance may also be exercised by any such person as may be specified in the order.

13 (1) No suit, prosecution or other legal proceeding shall lie against any custodian or authorised person in respect of anything which is in good faith done or intended to be done under this ordinance.

(2) No suit or other legal proceeding shall lie against the Central Government or any custodian or authorised person for any damage caused or likely to be caused by anything which is in good faith done or intended to be done under this ordinance.

14 Notwithstanding the provisions of Section 3 of the Insurance Act the Controller of Insurance shall not, after the appointed day, issue any new certificate of registration under that section to any person.

15 Nothing contained in this ordinance shall apply to —

(a) Any insurer whose business is being voluntarily wound up or is being wound up by a court,

(b) Any insurer to whom the Insurance Act does not apply by reason of the provisions contained in Section 3 thereof;

(c) The Calcutta Hospital and Nursing Home Benefits Association Limited;

(d) The Export Credit Guarantee Corporation,

(e) The Deposit Insurance Scheme;

(f) Any scheme of insurance which might be exempted by the Central Government relating to —

(i) Crop and cattle,

(ii) War risks,

(iii) Emergency risks

(g) General insurance business carried on by a State Government or by the Life Insurance Corporation of India.

16 (1) The Central Government may, by notification in the official gazette, make rules to carry out the provisions of this ordinance.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely —

(a) The form and manner in which books of account appertaining to undertakings shall be maintained by insurers;

(b) The manner in which any compensation payable under this ordinance shall be dealt with by an insurer,

(c) The circumstances in which the remuneration payable to persons in charge of the management of the undertaking of an insurer under this ordinance or to custodians shall be met by the Central Government, whether wholly or in part;

(d) Any other manner which may be, or is required to be prescribed.

EXPORT ANGLE

By Stevedore

Handicrafts to EEC

THE decision of the EEC to extend its concession of duty-free imports for handicrafts, allowed to India in 1969 and Pakistan in 1970, to five more Asian countries—Iran, Ceylon, Thailand, Indonesia and the Philippines—has caused some concern among Indian exporters. The size of EEC's duty-free quota continues to remain at \$5 million a year even though the number of countries entitled to it has risen to seven. This would mean increased competition for the limited quota facility. The operation of the quota has also given rise to complaints from India. Imports of any one tariff position are limited to \$500,000. But for a number of items India's exports are well above this limit, which means that only a part of these items will be able to enter the EEC duty-free. So far, India's efforts to have the quota raised from \$5 million to \$10 million and to eliminate the \$500,000 limit for a single tariff position, have proved fruitless. Another threat to this has come from the fact that there is nothing to prevent other developing countries from asking the EEC to be included among the beneficiaries. Initially, this quota was secured after protracted negotiations by India with the Six in 1969 and Pakistan was included after a year. It is likely that unless the EEC raises the quota India will be deprived of the fruits of her labour. □

Jute prospects

JUTE exports have been declining, both in volume and value, over the last three years. From Rs 234 crores in 1967-68, exports of jute manufactures, decreased to Rs 217 crores in the succeeding year and further to Rs 206 crores in 1969-70. Exports had fallen steeply last year, the total up to November 1970 being only Rs 74 crores. While the jute industry had to face special problems last year on account of labour unrest the declining trend over the years suggests that the industry has not been able to develop its export potential. Against the background of the general up-trend in exports, this is a matter which calls for immediate remedial action. Though development of non-traditional exports has been rightly given high priority, the pattern of India's exports has not changed so radically that jute can be assigned a secondary place as a foreign exchange earner.

The contribution that the jute industry can still make to the export effort and the measures that are necessary to mitigate its difficulties are understood to have been discussed in detail at a meeting of the representatives of the industry with officials of the Central and State Governments. The most immediate problem facing the industry is to devise the appropriate mode of response which is both restrained and responsible to the imbalance in the supply and demand of jute products brought about by the events in Pakistan. This is a task that calls for qualities of the highest statesmanship that can rise above the attractions of immediate advantage. It should not be forgotten that irrespective of the transient changes in

export prospects, the main problem of the industry is one of gearing up its productive capacity to meet the specific requirements of foreign buyers as well as of the growing requirements of the domestic market. □

Salt exports

SALT manufacturers have approached the Shipping Corporation of India to make available more bottoms for the export of marine salt to South-East Asian countries. For quite some time, lack of adequate shipping facilities have come in the way of developing salt exports with the result that India had to lose major contracts in Japan early in 1970. Further, against 320 lakh tonnes, contracted with South Korea in August last year, only 50,000 tonnes of salt has been shipped till early May mainly owing to poor loading. Salt manufacturers think that the solution to this problem lies in the Shipping Corporation of India sparing some ships

for the salt trade and in improving loading operations in Indian ports from 800/1,200 tonnes to about 2,000 tonnes per day. □

Record sales of opium

OPIUM exports touched the all-time record figure of 677 tonnes in 1969-70 fetching as much as Rs 66 crores in foreign exchange. The demand for opium for medical purposes is increasing all over the world and India is the largest poppy cultivator accounting for 70 per cent of world production. In 1969-70 poppy was cultivated in 37,500 hectares as against 35,035 hectares in the previous year. (Cultivation of this drug is restricted to notified areas in Madhya Pradesh, Uttar Pradesh and Rajasthan.) All the crop is processed in the Government-owned opium and alkaloid factories in Ghazipur and Neemuch and then exported to the UK, the US, France, USSR, West Germany, Japan and Italy. □

What India can sell

THE Directorate of Commercial Publicity in the Ministry of Foreign Trade has issued a further list of global tenders. The purchasing authorities the items required and the closing dates of these tenders are as follows:

Brazil

Centrais Electricas De Minas Gerais SA CFMIG Minas Gerais Permanent Equipment for the Volta Grande Hydroelectric Project on the Rio Grande June 1 1971

Burma

Director, Myanmar Biwadin Corporation Rangoon Portable rotary screw compressor and spares, Power shift loader and accessories rock drills diesel engine driven high pressure pumps, Portable petrol engine driven rock drills and accessories, Diesel dump truck Diesel truck, Insulators for telephone and telegraph lines May 25, 1971, Carbide lamps; May 30 1971

Procurement Manager Myanmar Oil Corporation, Rangoon, Metallic compound June 5, 1971, Metre gauge bogie and four-wheel tank wagons, July 12, 1971

Chairman Union of Burma Railway Board Rangoon, Pneumatic concrete breaker, June 22, 1971, Gate lamps, June 2 1971

Cambodia

The Sonexim MVPB, Phnom Penh, Sanitary material and instruments May 28, 1971, Writing paper, white paper and duplicating paper May 25 1971

Ceylon

Chairman Tender Board, Ceylon State Hardware Corporation, Colombo Sodium Carbonate briquettes and coal tar, June 13, 1971.

Chairman, Tender Board, Ceylon Transport Board, Colombo, Tyre rebuilding plant, May 26, 1971.

Iran

The mining and Metal Smelting Company, Tehran, Safety fuses, June 16, 1971.

Kenya

The Overseas Purchasing Division, East African Railways Corporation London, Liquid petroleum gas tank wagons, May 26, 1971.

Malaysia

The Director of the Regional Office for the Agricultural Development, Gharb; Furniture, tools for vehicles, trucks and agricultural material, June 9, 1971

Nepal

Director of Civil Aviation, Department of Civil Aviation Kathmandu Airport development project, July 23, 1971

Nepal Electricity Corporation, Kathmandu Transformer and distribution line hardware, May 26 1971

South Viet Nam

Central Logistics Agency Saigon, Boiler feed pump etc, June 1, 1971, Instant noodle making plant, June 5, 1971

Syria

The General Petroleum Company, Damascus, Air compressors, June 8, 1971

The General Organisation for Euphrates Basin Construction, Aleppo, Construction of pumping station, June 21, 1971

The General Petroleum Company, Damascus, Mobile transceiver SSB, July 12, 1971

Trinidad and Tobago

Trinidad and Tobago Electricity Commission, 63 Frederick Street, Port-of-Spain Switchgear, transformers, conductors, cable fluorescent fittings and standard conductors, May 28, 1971.

Turkey

Turkiye, Selluloz Ve Kagit Fabrikalari Isletmesi, Genel Mudurlugu, Izmit-Turkev (Iron and Steel Mills, Karabuk), white sulphite pulp, May 31, 1971.

Turkiye Demir Ve Celik Isletmeler, Genel Mudurlugu, Karabuk; Dump trucks, May 25, 1971

Devlet Hava Meydanlari Isletmeleri Genel Mudurlugu, Malzeme Dairesi Baskanligi, Ankara; Machinery and instruments, spares etc, June 7, 1971.

UAR

Misr Beida Dyers, Beida Works, P O Box Alexandria, Openwidth water mangles; June 6 1971; washing and soaping machine; June 1 1971.

Exporters may obtain the tender documents from the purchasing authorities of the respective countries. Further details about these overseas contracts can be had from the *Indian Export Service Bulletin* dated May 8, 1971, issued by the directorate of Commercial Publicity in the Ministry of Foreign Trade.

—A SURVEY

Technological developments

By S. Y. Phatak

TO most people the phrase "entertainment electronics" meant little more than the bulky radio receiver in the drawing room till the early sixties, though there did exist products such as tape recorders (which were as bulky but a lot more expensive) to provide entertainment in the form of music if one could find a good source to record from. Mostly the source was the radio of which the overall quality was far from what can be described as "high-fidelity" by present standards. All these products had the common features of being quite expensive for a common man, of being very bulky and of operating only on electricity mains, which meant a total lack of portability.

It was only after the invention of the transistor that the entertainment electronics industry got a shot in the arm. One of the earliest commercial applications of the transistor was in the designing of a truly portable radio receiver, small in size and capable of working for weeks on a few ordinary torchlight battery cells. The transistor never burnt out like the earlier radio valves and the life of the set was, therefore, much longer, in addition to being absolutely smooth in operation. Today, 85 out of every 100 sets made in India, and in fact almost anywhere in the world, are of the transistorised, portable variety, which proves their popularity with the public. The immense demand for such sets, coupled with the ease with which they can be produced, has led to mass production and low selling prices. Today the world production of transistor radios is about 70 million per year, with an average retail price of about Rs 150 for a good two-band set.

Mr Phatak is Chief Engineer, Research and Development, of Telerad Private Limited.

Black and white television sets which were quite common abroad in the fifties are slowly giving way to colour TV sets which are, quite naturally, much more appealing to the viewers. A colour TV set, when first introduced, was unreliable and needed frequent and costly servicing in addition to being over three times as expensive as a black and white set. This meant a price of over Rs 6,000 to the customer. Not everybody could afford such sets for family entertainment. As with radio and television, transistors made a big impact on the set designs and made it possible for the industry to manufacture portable and semi-portable TV sets consuming between one-fifth and one-tenth of the power consumed by an equivalent "valve" set and with a much longer life.

The future trends in the design of radio receivers and television sets are going to be tied up with developments in what are known as integrated circuits (IC). These constitute an extension of the transistor technology by which a very large number of transistors, along with their associated resistors and capacitors, can be accommodated within a small microscopic area, only the terminals being brought out for external connections. The circuit is standardised and has a flexible enough performance for an IC like this to be employed as a "circuit block" in a large number of set designs. This saves on the number of components and the space normally occupied by them. A much greater advantage is the fact that an IC can employ within itself many transistors at a very low cost and, at the same time, give much better performance. As a matter of fact, IC technology opens up the field for a totally new range of electronic circuits for achieving performances which were totally unobtainable with conventional transistors. It is

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P. A. Bhat

Major manufacturers

been estimated that by 1974 at least 40 per cent of the circuitry in a conventional solid state television set will be replaced by integrated circuits of much superior performance.

Similar advances have been made by transistors in the field of tape recorders, making them portable and more reliable. The latest advance in tape recorders has been in the invention of cassettes which are sealed units containing the tape and both the feed and take-up spools. All that is required to work the tape recorder is to just push in the cassette and press the play button. This totally dispenses with the earlier tape-threading operations which were always difficult for a layman. Stereo music which gives a much more lifelike reproduction with three-dimensional special sound effects became very popular in the sixties and employed two music channels simultaneously, played through two separate amplifiers and speakers. The results

were truly remarkable compared to the earlier single-channel music systems, however high their fidelity. The latest in taped music is stereo music utilising four channels. The results are claimed to be even more impressive, with the listener literally engulfed in the resulting three-dimensional sound fields.

A recent major advance in tape recorder technology is the commercial introduction of video tape recorders for recording pictorial information like cinema films, instead of only music. The user can thus directly record any function in his household or a family outing, etc, directly on a tape recorder instead of using a movie camera needing expensive film which cannot be re-used and requires special processing after shooting. The entertainment value of both the sound and the video, i.e., picture-tape recorders, will increase tremendously with the availability of pre-recorded tapes which will give the user the choice of an infinite

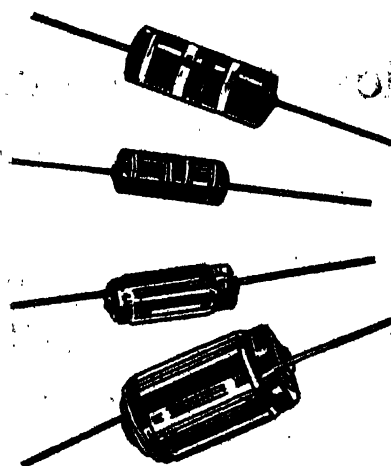
variety of music and entertainment film programmes. Research is already nearing completion on a new electronic phenomena totally different from magnetic tape recording, for recording full-colour, three-dimensional pictures. It would not be a flight of fancy to say that in the next decade we might see real life-size, full-colour, three-dimensional movie programmes right in the middle of our sitting rooms, coupled with four-channel sound, making it difficult for the viewer to make out where the make-believe starts and where it ends. The same decade may also see the introduction of wall-mounted TV sets, barely a few centimetres thick, with screens the size of movie screens.

It is interesting to study the social and economic implications of the electronics revolution in this country. The electronics industry inherently tends to be labour-intensive and is, therefore, ideally suited to countries like India where labour is abundant and cheap. In Japan, for example, the industry has been able to maintain a staggering annual growth rate of about 30 per cent and the total output is over 10 per cent of the national output of the engineering industries which is of the order of over Rs 6,000 crores. The employment potential of the industry can well be imagined. There is vast scope for employment of semi-skilled and skilled workers, as also technicians and engineering graduates.

One other important role electronics plays is as a means of mass communication. Although radio and TV are used mostly for entertainment purposes, they are also the means by which the entire community can be contacted almost instantaneously in cases of national emergencies. They are also the means by which educative information could be spread most effectively to the remotest villages, especially in a country like India where literacy is still at a low level. Nor should the role of entertainment be under-rated, as creation of public interest in high-grade and sophisticated music, dance and drama and other cultural activities is an essential part of general social uplift. Without this, rapid technological development will always be a lopsided phenomenon in that it will be out of tune with the balanced progress of society.

In our country, the entertainment electronics industry is still more or less in its infancy. Hardly about two to three million radio sets are produced annually. The television industry is just groping for roots. At present, there is only one TV station at New Delhi. The licensed capacity for manufacturing TV sets is only 30,000 sets per year. The production of tape recorders is yet to start.

However, the prospects for the industry are quite bright. The quality of our radio sets is equal to any in the world in the same price range and the market will certainly improve with general economic development. Our engineers have already designed TV sets of good and reliable performance in spite of the higher complexity of design and production problems without any dependence on collaborators from abroad. If this trend continues, and given suitable official assistance in the form of incentives for indigenous effort, there is no reason why our designs should not be able to compete in the world markets in terms of quality and price.



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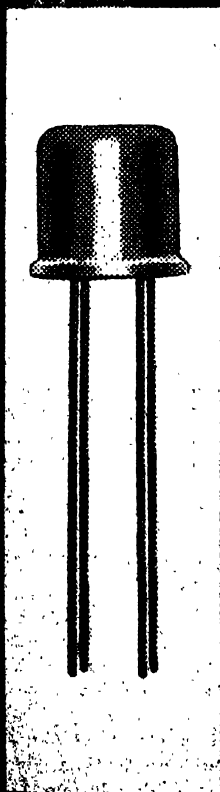
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The problems of marketing

By P. R. Gupta

MARKETING strategy in respect of radio, television and electronic equipment is basically a strategy of developing a hot line of communication with the consumers wherever they are. The consumers' needs must be assessed and ascertained so that the concept of the products can be crystallised in clear terms. In the electronics industry and in its various ramifications of sophistication, technology is of utmost importance. Out-of-date methods and know-how must make room continuously for the more modern. The rate of obsolescence in the electronics industry is so high that if a manufacturing unit does not keep itself continuously open to advanced methods and techniques, it is liable to fall behind in its race in the competitive market.

The challenge today, therefore, lies in laying a solid technological base and strengthening it further by recourse to the latest techniques in the manufacturing

processes. Only through this can the radio industry ensure quality and economies of scale, i.e., price reduction. These are the two most important considerations that weigh with an average consumer.

Greater attention to technology will enable the Indian radio and TV industry to produce receivers of international quality and thus enable it to compete successfully in international markets. Indian radios, radio kits and radio components have already entered the markets abroad and earned foreign exchange for the country. It is just a beginning in the nation's commercial operations in the international market. The industry must, therefore, continue to remain vigilant in regard to the progress made by electronics in the advanced countries and try to keep pace with the developments there. The research and development laboratories attached to the manufacturing units must continuously remain active and alert. International quality should be their guiding principle.

The marketing strategy for electronic products such as radio and television sets must also take into account the industry's obligation to provide expert and efficient after-sales service. Although a lot is being heard about this obligation to the consumer, it is necessary to review the service facilities available with radio dealers in the country in general. How many of them have their service branches equipped with basic instruments and tools? How many have qualified service personnel? It is indeed futile to talk of marketing entertainment items like radio and TV sets, radiograms etc. without paying adequate

attention to the service facilities to which buyers of these electronic items are, as a matter of right, entitled.

The Indian radio industry only recently limped its way into the television sector. Recognition of the benefits of the latest trends in world technology relating to the highly sophisticated field of television has yet to come. With the television service still confined to Delhi, the industry does not yet know precisely the way it will develop. Nevertheless, the radio industry must keep itself in readiness to break into the field of television manufacture on an economically viable scale. The trade also must gradually equip itself adequately for promoting the sale and servicing of television receivers.

The television service technician, it is said, should reach the consumer ahead of the TV receiver itself. Being a highly sophisticated electronic product, a TV set must always be assured of efficient service. If the industry and trade do not prepare the ground for this expert after-sales service, the marketing of television receivers is going to suffer considerably. Service to TV viewers, in contrast to service to owners of radios, has, in 85 per cent of cases, to be carried out at the place of installation. This calls for a good deal of preparation.

The justification of radio and TV in developing countries lies in the service they render to education and the furtherance of national goals. That the lack of a balanced fare of entertainment and information has an adverse effect on the marketing of entertainment electronics is borne out by the recent decline in the turnover of medium-wave receivers. The medium-wave receiver the world over has been known to be associated with the spread of radio listening. But in India though 70 per cent of the country's population is covered by medium-wave transmission, medium-wave receivers have a different story to tell. Lack of satisfying entertainment programmes in medium-wave transmission has affected the sale of medium-wave receivers as will be seen from the following sale figures (organised sector):

1966	..	..	41,800
1967	..	..	1,90,200
1968	..	..	3,79,700
1969	..	..	5,17,500
1970	..	..	2,88,000
1971 (outlook)	..	..	1,00,000

The popular Vivid Bharati programme covers hardly 10 per cent of the total population covered by medium-wave transmission. In 1969 the sale of medium-wave sets seemed to reach its saturation point. Since then sales have been declining. The inadequacy of popular programmes has thus stood in the way of low-priced sets penetrating deep into the countryside—a development which goes counter to the objective of bringing this medium of mass communication to each and every home in this vast country. No marketing strategy will ever succeed in selling low-priced radio sets in the rural areas of India unless All India Radio takes suitable measures to provide a balanced fare of entertainment and information to the set-owners.

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Electronics: A blueprint for expansion

By P. A. Bhat

MAHARASHTRA has a sufficiently broad-based electronics industry. The components, equipment and instruments units already established account for nearly 55 per cent of the country's electronics output. Some of these units have also entered the export markets. But with its abundant resources, mainly human (cheap skilled labour), a technological base and entrepreneurs to develop the industry, there is ample scope for setting up many more labour-intensive export-oriented units. These could cover colour TV, cassettes, tape recorders, telephone and communication equipment, medical and biological electronics, marine electronics, desk calculators, automobile electronics, etc, mainly for export both to developed and developing countries.

Mr Bhat is Managing Director of Asian Electronics Ltd, Bombay.

I have a few suggestions for consideration:

Maharashtra should establish an integrated industrial estate exclusively for the production of electronics—both for the domestic and export markets. Provision should be made to set up at least 200 middle-scale units, each employing 150 to 300 highly skilled, skilled and semi-skilled people. This estate should encourage both capital-intensive, medium-scale ancillary, and service-oriented projects.

The State authorities or the local administration should provide the infrastructure—particularly a township, clean, healthy, modern housing facilities, drainage, shopping centres, places of recreation, medical and educational institutions, etc. Vehicular traffic, except for transport of raw materials and finished products, should be discouraged.

Fifty per cent of the production capacity set up in the estate should be earmarked for exports and the authorities should see to it through appropriate incentives, that the targets are achieved.

A scientific research institution should be established in addition to educational and vocational training, employment guidance, industrial safety and other relative safety training centres.

A central laboratory for testing and quality control should be established.

The estate should encourage co-operation among ancillary units. The area of production, mainly for export and domestic marketing, should be classified under

two heads—consumer electronics and professional. Bonded production facilities should be provided and export inspection units should be established.

A capital investment of Rs 100 crores on plant and equipment, buildings and utilities, besides working capital, should be planned—with a foreign exchange content not exceeding 50 per cent, to be provided for sophisticated plant and equipment.

The procedures for the establishment of industrial units should be smooth, and entrepreneurs should not be made to wait for long for licences, clearances, permits, etc. The State electronics committee can scrutinise the proposals and give blanket permission for the setting up of units in which foreign exchange is not involved. Institutions such as the State Industrial and Investment Corporation of Maharashtra Ltd (SICOM), the Industrial Development Bank of India, the Industrial Credit

Growth of the radio receivers industry

Year	Installed capacity (thousand nos.)	Production (thousand nos.)	Percentage utilisation of capacity (4=3/2 x 100)
(1)	(2)	(3)	(4)
1960	279.2	268.3	96.1
1961	279.2	326.3	116.9
1962	332.3	343.3	103.3
1963	390.3	418.1	107.1
1964	390.3	472.7	121.1
1965	391.5	583.4	123.5
1966	492.5	712.6	144.7
1967	550.5	854.1	155.1
1968	798.8	1,368.8	171.3
1969	1,214.8	1,735.5	142.8
Annual compound rate of growth between 1960 and 1969 ..	17.7	23.1	..

NOTE:

- (1) Data pertain to the organised sector only.
- (2) Percentage utilisation of capacity exceeds the installed capacity in almost all years under report. This is because the installed capacity appears to have been worked out on one-shift basis, while the actual production may be of more than one shift.

SOURCE: Central Statistical Organisation, *Monthly Statistics of the Production of Selected Industries of India*.

and Investment Corporation of India Ltd (ICICI), the Industrial Finance Corporation of India (IFC), State Finance Corporation, banking and other agencies should be urged to make available at least 80 per cent of the capital required for such a project.

If the entrepreneur can arrange his own foreign exchange, by way of loans or advances on firm export commitments or foreign minority participation, then all the formalities involved should be minimised. The State electronics committee can scrutinise projects in the light of national policy and give permission without much loss of time.

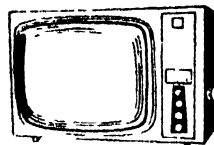
Foreign exchange accounts should be allowed to be opened in Indian banks by exporters and entrepreneurs who should be allowed to operate them to import the requisite raw materials, components and capital equipment for modernisation without having to wait for import licences. Banks should be authorised to permit the

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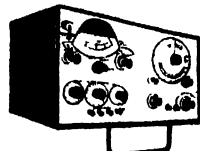


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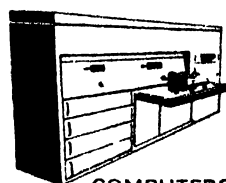
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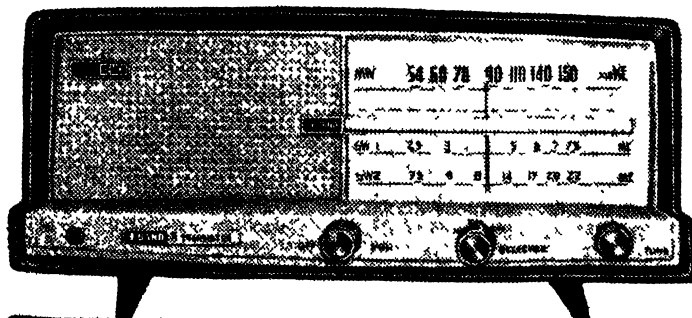
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utilisation of a specific portion of the foreign exchange earnings of any exporter for maintenance imports or modernisation of production.

The industry should be regulated or protected by only fiscal policies rather than by administrative controls.

Where necessary, incentives should be offered for foreign capital investment and know-how in highly sophisticated lines. Examples of a few developing countries for attracting foreign capital for their national growth are cited below.

South Korea enacted the Foreign Investment Encouragement Law (FIEL) in 1970 providing for a five-year tax holiday. Thereafter, taxes were reduced by two-thirds for the next two years and one-third for the subsequent year. Machinery and raw material imports are allowed duty-free. Remittances of principal and profit are guaranteed. Investors are allowed to remit 20 per cent of their investment every year, after two years of operation. They can also remit profits not exceeding 20 per cent of their investment from the first year onwards. They are protected from nationalisation of property by assurances of prompt and fair compensation.

Taiwan offers a five-year tax holiday unlimited and unrestricted remittances of earnings and repatriation of capital, payment of customs duty by instalments on raw materials, and duty-free plant and machinery, 100 per cent foreign ownership. Strikes are banned by law.

Ireland offers a non-repayable basic cash grant to the extent of 40 per cent of the total cost of factory construction, plant, equipment and training of workers, plus an additional 20 per cent in case of special types of industries. Other salient terms are: 100 per cent foreign ownership and freedom from Government interference, tax holiday on profits from exports for 10 years, ready-built factory buildings at attractive rents; subsidisation of interest, allowance of expenditure on scientific research and on purchase of patent rights; two-thirds allowance on local rates on buildings for 10 years; no capital gains tax; and free transfer of capital, dividends and profits.

The setting up in the industrial estate of the following labour-intensive assembly units within a period of two or three years requires the attention of the authorities.

Units	Targeted export value Rs crores
5 colour TV assembly units	36
4 radio assembly units F.M. 2,00,00,000	25
10 units for medical electronics such as	15
(a) Electro and phonocardiographic processing system	
(b) Body scanner	
(c) Portable X-ray apparatus	
(d) Surgical X-ray units	
(e) Linear accelerators	
(f) Eyemark recorder	
(g) Electroencephalograph	
(h) Foetus detector	
(i) Mini electro cardiograph	
(j) Clinical thermometer	
(k) Patient monitor	
(l) Clinical toco meter	
(m) Electro labour inductor	
(n) Enunciation control	
(o) Multipurpose polygraph	
(p) Blood chemistry analysers	
(q) Universal ultrasonic diagnostic instruments, etc	

Units	Targeted export value Rs crores
3 units for telecommunication equipment for the production of PABX, PBX, dictating machines, intercom, teleprinters and copying machines	5
3 units for desk calculators and computers	3
3 units for electronic test equipment	2
3 units for producing marine electronic equipment	5
Automatic visual radio direction finder	
Echo sounder	
Shallow or super shallow water sonar	
Control table and monitor	
Underwater TV camera	
Marine VHF transceiver	
Marine radar	
Ship position finder	
Radio communication receiver	
Marine transmitter	
Searchlights	
Ultrasonic channel flow measuring device	
Loran receiver	
Sounders for shallow sea buses	
Location detection device	
Marine radio console unit	

Units	Targeted export value Rs crores
Automobile Electronics:	
5 units for blinkers and ignition devices	10
Shavers electric or battery or rechargeable battery operated	
Photographic flashlights	3
Domestic appliances like mixers, toasters, small meters	
	108

No doubt, this seems to be an ambitious programme. Commensurate with our population, the vastness of the country and the availability of resources, this is hardly a half per cent of what the US has planned for 1971. But in terms of natural and human resources, India is potentially one of the richest countries in the world. Being a late-comer in the process of development, India can benefit from a wide spectrum of technological advances in other parts of the world and learn from their experience and not repeat the mistakes they performed had to commit. But if this challenge is to be met, not only must our politicians and civil servants be aware of what is possible but there must be a purposeful objective and equally purposeful implementation.

ENTERTAINMENT ELECTRONICS

Major manufacturing units

Asian Electronics Ltd, 221, Dr Dada-bhai Naoroji Road, Bombay-1.

Bharat Electronics Ltd, Jalahalli P.O., Bangalore-13.

Cema Pvt Ltd, 25, Unique House, 4th Floor, Sayed Abdulla Brelvi Road, Fort Bombay-1.

Continental Device India Ltd, C-120, Naraina Industrial Area, New Delhi-28.

Eastern Electronics, Industrial Area, New Township, Faridabad.

Electronic Ltd, Connaught Place, New Delhi.

Electronic Corporation of India Ltd, Post Box No 2021, Hyderabad.

General Electric Co of India Pvt Ltd, Paharpur Works, 58, Taratolla Road, Calcutta-24.

Golden Industries, Jessore Road, Calcutta 28.

Gramophone Co of India (P) Ltd, 33, Jessore Road, Calcutta.

Hindustan General Electrical Corporation Ltd, 58, Brabourne Road, Calcutta.

India Capacitors Pvt Ltd, 49, Gariahat Road, Calcutta.

Indian Plastic Limited, Porsar Bridge, Kandivli (WR), Bombay.

Indian Telephone Industries Ltd, Bangalore.

Morris Electronics (P) Ltd, Functional Electronic Estate, Bhosarik, P.O. Pimpri, P.F. Poona-18.

Mulchandani Electrical and Radio Industries Ltd, "Sukh Sagar", Sandhurst Bridge, Hughes Road, Bombay-7.

Murphy India Ltd, Dr Shirodkar Road, Off Hospital Avenue, Parel, Bombay-12.

National Radio and Electronics Co Ltd, Unity House, M. Parmanand Marg, Bombay-4.

Nippon Electronics Ltd, Bangalore-18.

Philips India Ltd, 7, Justice Chandra Madhav Road, Calcutta-20.

Radio and Electrical Manufacturing Co Ltd, Mysore Road, Bangalore.

Radiola Corporation, 63, Najafgarh Road, Industrial Area, New Delhi-15.

Rescon Manufacturing Co (P) Ltd, 43/1, Karve Road, Poona-4.

Semiconductors Ltd, Vadgaon, Sheri Nagar Road, 4/5, Poona-6.

Serson Industries (P) Ltd, 2, Alexandra Road, Poona.

Standard Radio, Naaz Building, Dr Bhadkamkar Marg, Bombay-4.

Telecom Industries Pvt Ltd, Dr S S Rau Marg, Bombay-12.

Telefunken India Ltd, K-67-A, Hauz Khas, New Delhi-15.

Telerad Private Ltd, Chandivali, Sakinaka, Vihar Road, Bombay-72.

Waco Radio Electronic Industries, 1-A, Ulhas Nagar-4 (C. Bly).

Steel pipes and tubes

Remarkable export performance

By Raunaq Singh

—A SURVEY

INSIDE

Better climate for growth

—Onkar S. Kanwar

Vital role in Indian economy

—Special Correspondent

INDIA which was bypassed by the Industrial Revolution due to colonial rule has had to catch up at a very fast pace after independence. Thanks to the far-sighted economic planning, which laid emphasis on setting up of basic and heavy industries particularly steel, India is now poised for a breakthrough in industry and in the export of industrial products.

India has now become the eighth largest industrialised country in the world. A host of new industries have come up producing a variety of goods. They have introduced the latest production techniques and technical know-how, and quality consciousness has developed to a remarkable degree.

Perhaps no other industry can illustrate the rapid progress made by India in the industrial field than engineering goods. Between 1951 and 1956 their production rose by 49.3 per cent, and during the period 1956-1961 the rise was as much as 93.3 per cent. This was followed by a rise of 58.9 per cent during the subsequent five years. This industry has successfully passed through the take-off stage and is on the threshold of new overseas markets. There has been a ten-fold increase in the export of engineering goods during the past decade. From about Rs 10 crores in 1960-61, they went up to Rs 106 crores in 1969-70, and over Rs 112 crores in 1970-71.

Despite the earlier bias against indigenous know-how, Indians are now designing and building a variety of sophisticated plants at home and winning recognition abroad. Indian technologists are preparing feasibility studies and product reports for joint steel works in Ceylon, Singapore, East Africa and Latin America. They are advising the United Nations on a ferro-alloys factory in Iran. They are offering product studies and

engineering designs to a number of European enterprises.

This does not, however, mean that India can claim to be on top in regard to technical know-how. On the other hand, Indian industries welcome sophisticated technical expertise from countries which have made a mark. Apart from this, we are always on the look-out for the latest equipment and machinery for producing quality goods, for both the home and overseas markets; our effort is to produce goods of the latest design and workmanship and conforming to the most rigid international standards.

No wonder, Indian engineering goods are making rapid headway in world trade in the face of severe competition from traditional exporters from sophisticated and developed countries of Europe, the US and Japan. To crown it all, Indian goods can stand competition not only in developing countries, but also in industrially advanced countries of Europe, America, Australia and of Asia.

An outstanding example would be steel pipes and tubes. The history of the tube industry in India is very recent. Until 16 years ago, India was meeting her requirements of steel tubes and pipes through imports. In 1955 the first tube mill was commissioned in Orissa. From then onwards there came up more units, and the installed capacity as it stands today is over eight lakh tonnes. The raw material in the form of skelp and strip is being produced by the steel mills in India and conform to international standards. Luckily a few of the units, which have had the advantage of technical collaboration with internationally known pipe manufacturers, have adopted the latest processes of tube and pipe manufacture. The result is that their products, which are subjected to rigid, almost ruthless, quality control, find a ready market not only in India but in 32 countries abroad, including such advanced ones as the US, the UK, Australia and West Germany.

Mr Singh is Managing Director of Bharat Steel Tubes Limited, and Chairman of the Engineering Export Promotion Council.

The export of steel pipes and tubes has had a phenomenal rise during the past few years. The first tube was exported from India to Ceylon in 1958. Since then the picture has changed fast. India is no longer an importer, but is one of the leading exporters of steel tubes and pipes. The total exports moved up from over Rs 4 crores in 1967-68 to over Rs 10 crores during 1968-69.

In spite of being comparatively a new-comer in world trade, dominated earlier by highly industrialised countries, the Indian tube industry has already established its competitiveness and quality in foreign markets. Indian manufacturers have participated in several global tenders and have conclusively proved that the industry can supply tubes of international standards, and specifications. Having the support of a growing steel industry, plentiful coal and mineral resources, cheap and efficient labour, highly trained and qualified technicians, and ideally situated geographically, the tube industry is forging ahead from year to year. This is one of the few industries in India which is

not only self-sufficient but also has an enormous capacity for export.

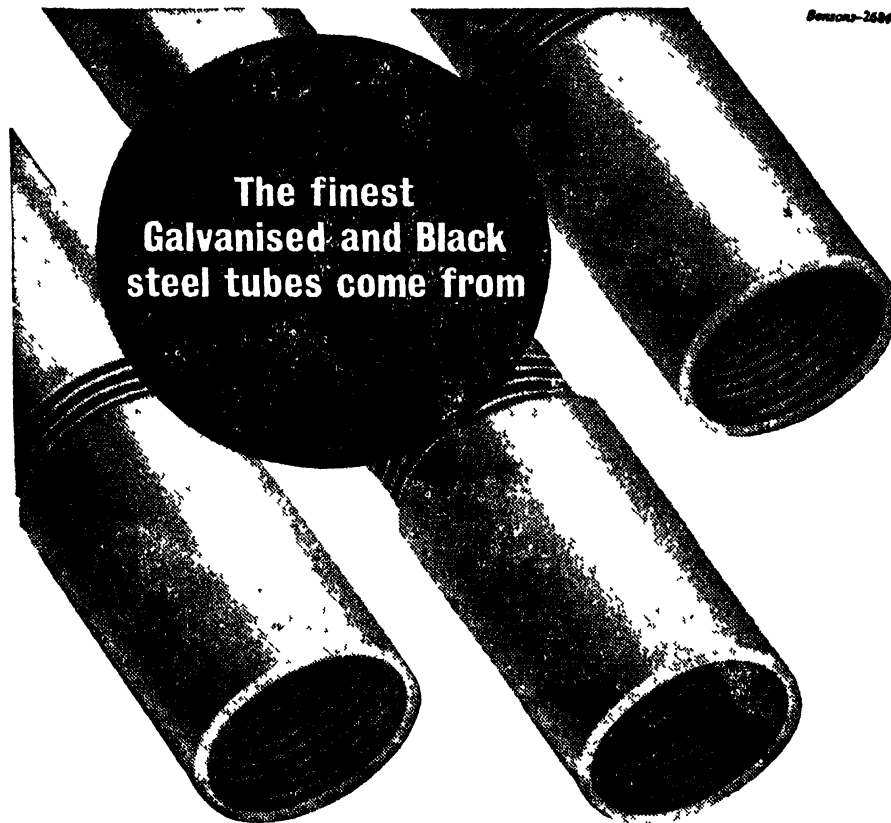
The pattern of tube and pipe exports from India is changing, and all indications are that this trend will continue in the future. Indian manufacturers believe that the only lasting and long-term market for India's manufactured products, including pipes and tubes, is that of the developed countries such as the US and Europe.

For instance, the US market imports every year over a million tonnes of steel tubes similar to those exported from India. This represents nearly one-fifth of the pipes and tubes featuring in international trade. There is no reason why we should not be able to improve our share. During the period between 1964 and 1970, India was able to export about 45,500 tonnes of small-diameter tubes to the US. The dent was made after a great deal of effort and in the face of severe competition from domestic as well as overseas suppliers. Having found customer acceptance in the US market it is now up to us to follow this up with increased exports.

These exports have been possible not only because Indian tubes compare favourably with similar ones manufactured either locally in the importing countries or in the traditional supplying countries, but also because the Indians offer c.i.f. prices competitive with those of the established suppliers.

International trends are in our favour. Developed nations, by the very force of economic pressures, are shedding off the production of items like tubes and pipes, and concentrating on highly sophisticated goods requiring the most advanced technology. This is evident not only in the US and Europe but also in Japan.

It is up to us to cash in on these opportunities, for we are well geared to meet all such requirements. Given sympathetic support by agencies such as banks, railways, shipping lines and customs authorities, the export targets for the next five years fixed by the Engineering Export Promotion Council for steel tubes and pipes as also other engineering goods can easily be fulfilled.



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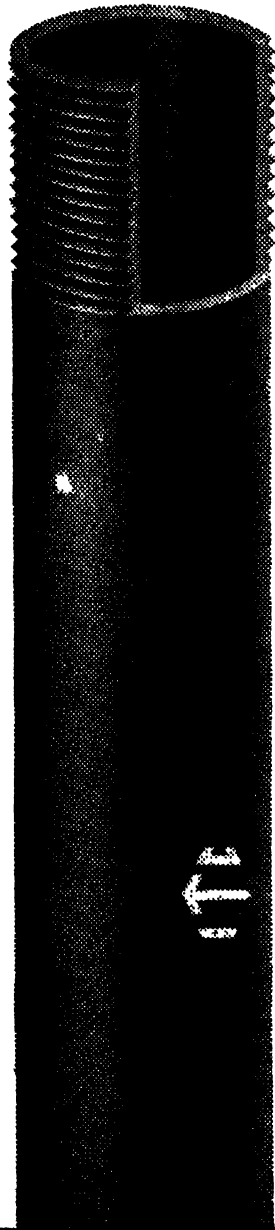


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Better climate for further growth

By Onkar S. Kanwar

THE tube industry, as we know it today, is hardly 150 years old. It began with the manufacture of pipes from wrought iron strip as raw material, but even then the need was being felt for seamless tubes. This was made possible with the development of the open hearth process of steel making in 1868. As a result new processes of manufacturing tubes came into practice. The push bench process was replaced, in due course, by the Pilger process and this in turn yielded place to the modern technique of producing steel tubes by extrusion. The earlier crudely welded tubes have now been replaced by electric resistance welded ones, possessing great strength and precision. This process involves shaping the tube to the correct size from a strip of steel by passing it through suitable rollers. It then travels under electrode rolls which pass heavy electric current through the resistance offered by contact with the two edges. This instantly raises the steel to welding heat and a perfect weld is achieved. The latest process has made this welding so perfect that the tubes can be cold drawn to extremely small bore sizes.

Besides the welded types and seamless tube making, there are now in use many other processes like the electric fusion weld, ERW, and submerged arc weld. The latest is ERW radio frequency which generates welding heat through a high frequency resistance at 450,000 cycles per second. This eliminates the use of welding metal, the welding being effected by the use of only the parent material. These processes have made it possible to produce steel pipes and tubes on a mass scale at as quick a speed as 70 metres a minute. The whole operation is automatic—a flat steel strip is fed into one end of the machine and it emerges from the other end shaped as a precision welded tube. But simple as it may sound, the process involves eight distinct stages—cleansing the surface of the strip; cutting the strip to accurate width; forming the close-jointed tube; electrically welding the joint; removing external weld flash; accurately sizing the welded tube by cutting it to mill lengths. Over and above this is threading and galvanising the tube in accordance with customer specifications. At every stage the tube is subjected to rigid quality control tests.

The steel tubes and pipes industry in India is a post-Independence development. Till as late as 1950, the tube and pipe requirements were met from imports. Except for drinking water and sanitary uses or in a few industries, the market for tubes and pipes was limited. With the emerg-

ence of a developing economy in the fifties, the demand increased and the need was felt for the manufacture of tubes and pipes indigenously. Prior to 1955, only one company was producing tubes and pipes. Two more units came up in that year. By the end of the First Plan period, the combined capacity of all these units was only 60,000 tonnes. Subsequent years witnessed the birth of more units producing pipes and tubes of various dimensions. By 1962, there were eight units in the field in the organised sector, and their production rose to 155,267 tonnes. At present there are ten units with an approximate installed capacity of over 8,00,000 tonnes per annum.

India is now not only self-sufficient in tubes and pipes, but has an enormous capacity to export them to different markets of the world. The steel tube industry entered the export field very recently. The first tube was exported to Ceylon in 1958. Since then exports have grown in geometric proportion. India is now one of the leading exporters of steel tubes and pipes. The total exports moved up from over Rs 4 crores in 1967-68 to over Rs 10 crores during 1968-69 and to over Rs 12 crores in 1969-70. If we keep up to the Fourth Plan target, in another three years pipe and tube export will climb to Rs 25 crores. There might be shortfalls and minor adjustments here and there, but the industry has gained sufficient experience and confidence to take all these in its stride and to keep on moving ahead.

How was this achieved? The first shipment worth a modest Rs 70 lakhs was made in 1963-64. The next three years saw

some improvement in this field, but all of a sudden the industry was caught in the acute economic recession which swept over India in 1967-68. Home demand fell off rapidly. The industry, which had made a large investment in machinery and technical and managerial personnel, was faced with a grim prospect. Was all this investment to go waste? It really tested the mettle of the industry and, we must say, in retrospect, it proved its worth. If the internal market had dried up, there were far more attractive propositions from abroad. So a hectic but imaginative search for overseas markets commenced. These efforts bore fruit. Within two years the industry had made export history.

India now exports tubes and pipes not only to developing nations in Africa, the Middle East and South-East Asia, but to sophisticated markets in the US, UK, Australia and West Germany. This has been achieved in the face of stiff competition from industrialised countries who had monopolised the trade. In quality and price Indian tubes and pipes are second to none; hence this phenomenal success.

The growth of the steel tubes and pipes industry has had its own problems and setbacks. Many of these still continue and many more may perhaps come in the way in future. The most acute problem is the shortage of steel strip and skelp. In some units as much as 40 per cent of the installed capacity is lying idle, not because there is no market for the products, but because unfortunately, these units do not have enough steel to feed their mills with. Another problem which our industry faces is the high cost of ocean freight. We have to compete in the overseas markets against developed countries, whose shipping companies treat pipes and tubes as a promotional item and thus reduce the freight to as much as 50 per cent of the Indian shipments.

No doubt the Government has realised the potentialities of this industry for earning foreign exchange as also its importance in the development of agriculture and industry in the country. To meet its demand for steel, import of strip and skelp were allowed, though the supplies were insufficient and erratic. It is expected that the new trade policy will, with its increased quota of imported steel for the tubes and pipes industry, help it produce more.

Growth of steel pipes and tubes industry : 1960 to 1969

('000 tonnes)

Year	Steel pipes and tubes			Seamless tubes			Cast iron spun-pipes		
	Installed capacity	Production	Capacity utilisation (%)	Installed capacity	Production	Capacity utilisation (%)	Installed capacity	Production	Capacity utilisation (%)
1960	187.3	104.7	55.9	..	..	..	..	..	..
1961	187.3	139.5	74.5	..	..	..	..	..	..
1962	187.3	155.5	83.0	..	..	..	..	..	..
1963	239.4	214.8	89.7	..	..	..	196.1	188.8	96.0
1964	281.9	234.2	83.1	30.0	15.2	50.7	193.0	207.8	107.4
1965	272.2	235.5	86.5	30.0	16.7	55.7	280.0	243.9	87.1
1966	314.5	297.1	94.5	30.0	21.4	71.3	282.4	235.5	83.4
1967	409.3	220.0	53.8	30.0	23.4	78.0	330.4	166.1	50.3
1968	409.3	255.4	62.4	30.0	24.7	82.3	438.4	132.1	30.4
1969	470.5	300.0	63.8	39.6	27.0	68.2	438.4	120.0	27.4
Annual compound rate of growth (per cent) ..	10.8	12.4	..	5.7	12.2	..	14.4	-7.2	..

SOURCES: (1) For 1960 to 1967, Central Statistical Organisation, *Monthly Statistics of the Selected Industries of India*, New Delhi, Various issues.
(2) For 1968 and 1969, Ministry of Industrial Development, Internal Trade and Company Affairs, *Annual Report, 1969-70*, New Delhi.

Mr Kanwar is Executive Director of Bharat Steel Tubes Limited.

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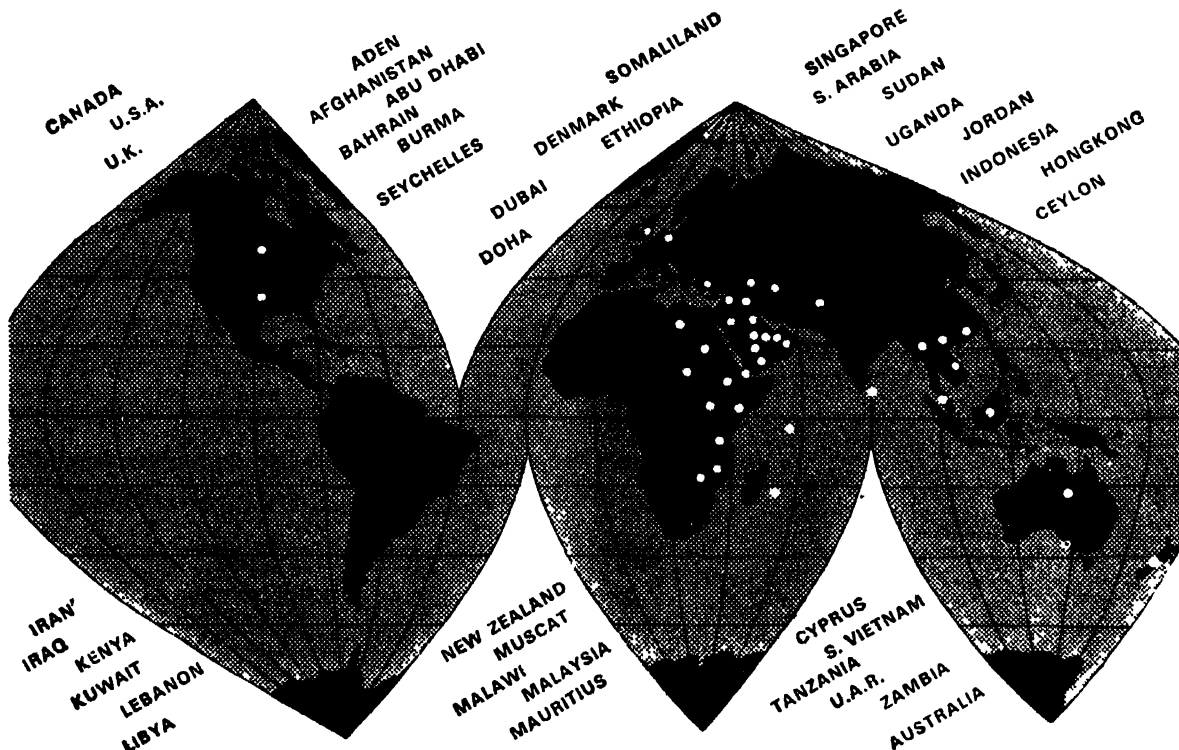
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STEEL PIPES AND TUBES

Role in national economy

By A Special Correspondent

THE steel pipes and tubes industry has an important role in the Indian economy. Tubular products of iron and steel have a wide range of applications in industries, building and construction, public health and sanitation. Cast iron pipes, of a wide variety of sizes and for varying pressures, are extensively used for transmission of water, gas and sewage. They are particularly adapted to underground and submerged service on account of their comparatively high corrosion-resistance qualities. When properly coated and wrapped, the steel pipe has been found to be resistant to corrosion when positioned in certain soils. While the cast iron pipes industry has been a fairly well-established one, the production of steel pipes and tubes has been of comparatively recent origin. The variety in steel tubes is large and it covers size, wall thickness, kind of steel used, type of joint, protective coating, manufacturing process and end use. Based on manufacturing process, steel

tubes can be categorised as welded type and seamless type. With the improvements in different welding techniques—electric fusion welding, electric resistance welding, submerged arc electric welding etc.—welded tubes, are rapidly replacing the seamless type, whose use is at present mainly confined to selected special applications.

Welded tubes of a diameter of over 20 inches are used in India mostly for penstocks and primary water mains. Line tubes used for main lines of water transmission are mostly of 10 and 12 inches in diameter, while those for oil lines are 8 to 20 inches and are made to the rigid specifications of the American Petroleum Institute. Welded structural tubes and commercial tubes can be of various sizes. Commercial tubes used for conveyance of water and gas vary from half an inch to 12 inches. Tubes for agricultural purposes are usually 3 to 4 inches in size and for the tubular poles the sizes used are

4 to 8 inches. Special tubes used in the manufacture of bicycles, furniture, refrigerator equipments, and transformers are generally made from cold rolled strip.

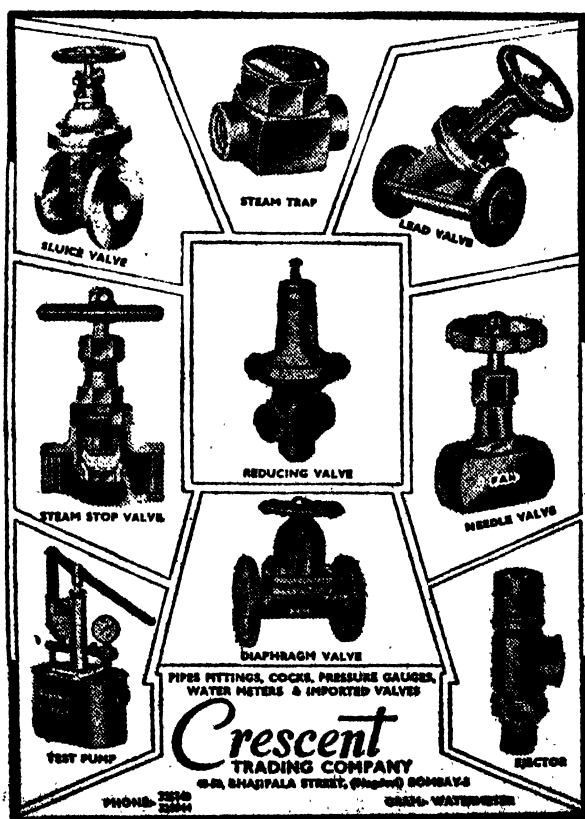
The Fourth Plan holds forth a number of lines for the expansion of demand for the steel pipes and tubes industry. Some allocations which are of interest from the industry's point of view are: Rs 237 crores for housing and urban development, Rs 406 crores for water supply and sanitary schemes, Rs 3,237 crores for transport and communication and Rs 1,087 crores for irrigation. The allocations of over Rs 2,700 crores for agriculture will also boost the demand for the industry's products.

In the context of the facts, of the country reversing its role, from being an importer of steel pipes and tubes to an exporter of these products earning foreign exchange of Rs 12 crores per year, there is need to ensure that the industry gets the necessary raw materials. The industry has faced, for a long time past, shortage of hot rolled coils and skelp. The supply position has not yet improved satisfactorily. This is because the perspective planning for steel has been bad. No effort has been made to match supply and demand at different points of time. There is also little relationship between the product-wise demand and the rolling programme of main producers. The strikes at Hindustan Steel have affected the supply position. As if this was not enough, the public sector steel plant has diverted hot-rolled strips for producing more of cold-rolled and galvanised sheets. It is no wonder that this has thinned the supplies to the steel pipes and tubes manufacturers. The industry would like the supply position of steel to improve. The Government's decision to import of Rs 100 crores worth of iron and steel has given the hope that the industry's demand for steel would be met adequately. The steel tube industry's production facilities have cost Rs 25 crores and it is in the interest of the national economy that these facilities are not wasted.

Apart from inadequate supply of iron and steel, the industry also faces shortage of zinc, spare parts and tools. At times shortage of railway wagons for the despatch of finished items from the works has been a frustrating experience.

The raw materials shortage has had an adverse impact on the industry. The capacity of the industry has been about six lakh tonnes but the estimated utilisation has been less than 48 per cent. A significant point about utilisation is that it has been showing a deteriorating performance for the last few years. Thus in 1965, the production as percentage of capacity was 80 per cent which came down to 70 per cent in the subsequent year. In 1967, the utilisation came down to 45 per cent while the bottom of 35 per cent was reached in the subsequent year.

The organised sector has another grievance. They consider that the disproportionately high allocations to the small sector tube industry are not justifiable particularly since the organised sector is denied essential raw materials. Its contention is that the tube made by the small producer is a sub-standard product. In the case of gas and water conveyance tubes, the small producers do not have the requisite equipment. They also do not have galvanising facilities.



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more 70 per cent of the demand is for galvanised quality the products of the small producers may not come up to the requisite standard. These circles feel that the sub-standard steel pipe and tube products of the small sector, if supplied to agriculturists and housebuilders, would amount to a waste of resources. It is in this context that the industry has made representations to the Government that the allocations to industries should be revised on the basis of their capabilities and importance to the national economy.

A look at the capacity, production and demand for the products of the tube industry indicates that there is imbalance between these. The installed capacity is 4.3 lakh tonnes of welded tubes, 45,000 tonnes of seamless tubes, 1.5 lakh tonnes of higher sized tubes of ERW quality by Hindustan Steel and 25,000 tonnes in the small-scale sector. Currently there is a two-shift working but with a three-shift working the capacity can be raised by 30 per cent. This can be done without additional expenditure on plant and machinery. The demand is hardly 30 per cent of this potential production capacity. It is estimated to grow at the rate of six per cent, which means the rise would be hardly 15,000 tonnes per year. Over the Plan period the rise would be of the order of about 85,000 tonnes.

The steel pipes and tubes industry is worried that the future demand pattern may be seriously affected by the competitive role of PVC and polythene tubes. The petrochemicals complexes may throw into the market a large quantity of tubes at cheaper prices. It is in this context that the industry seeks a stop to further licensing till such time as consolidation is achieved.

Apart from the difficulties faced by the manufacturers in raw materials and balancing of capacity and production, official red tape has caused financial difficulties. In the case of one company alone payments and refunds from the Government on export account as well as import entitlements, to the extent of well over Rs 1 crore, were held up for a period of more than 15 months. The effect of this, in financial terms, has been to reduce the export earnings substantially, in fact by the amount of interest paid on the additional overdraft. The import entitlements which are issued by value are, in effect, reduced by at least 10 per cent as world prices of zinc and spares go up at regular intervals. The industry feels frustrated that the authorities do not realise the consequences of inordinate procedural delays. Speedy disposal of cases and claims is essential so that the country's economy does not suffer avoidable losses.

The industry is looking forward with hope that the inhibitions on the building trade, created by the proposed ceiling on urban property, will be offset by the construction work to be undertaken by the proposed urban development corporation and larger outlays on schemes for water supply and minor irrigation.

The Annual Survey of Industries 1965 gives certain basic data about the iron and steel pipes industry. Though in certain respects it has become outdated, some of the features disclosed in the survey are useful to take note in understanding the industry. According to this

survey the average number of working days was 302 for the industry. At the time the survey was conducted the industrial situation in West Bengal was rather peaceful hence the working days for the factories in that State were as high as 307. The plant and machinery investment at that time was about Rs 13.58 crores of which nearly one-fourth was in West Bengal. Maharashtra and Orissa accounted for nearly one-half of the investment. Fuel and lubricants consumed included coal, coke, coal gas, firewood, charcoal, petroleum, other fuel oils, lubricating oils, etc. Electricity charges accounted for nearly one-third of the energy charges.

Materials consumed included pig iron, plates, sheets and strips, skelp, blooms, scrap, non-ferrous metals and alloys, zinc,

acid, oxygen, gas, electrodes, paints and varnishes and zinc chloride. The materials consumed formed nearly three-fourths of the gross value of output. The value added by manufacture was nearly one-sixth of the value of the output. Percentage of wages, salaries, etc. to value added was 52.6 per cent. However this varied between 81.5 per cent in West Bengal which was the highest and 36.9 per cent in Gujarat which was the lowest. The industrial units sold products and by-products which included steel pipes and tubes, iron pipes and tubes, spun pipes, conduit pipes, other pipes and tubes including pipe fittings, steel strips, castings of all kinds, fittings, cisterns, etc., ingot moulds, and zinc dross and dust.

STEEL PIPES AND TUBES

Major manufacturing units

Bharat Steel Tubes Ltd, Allahabad
Bank Building, 17, Parliament Street,
New Delhi.

Godrej & Boyce Manufacturing Co
(P) Ltd, Lalbaug, Parel, Bombay-12.

Guest Keen Williams Ltd, 41, Chowringhee Road, Calcutta.

Gujarat Steel Tubes Ltd, Bank of India Building, 5th Floor, Bhadra, Ahmedabad.

Hind Galvanising and Engineering (P) Ltd, 96, Garden Reach Road, Calcutta-23.

Impex Tube Manufacturing Co (P) Ltd, 5 Allie Chambers, Tamarind Street, Bombay.

Indian Hume Pipe Co, Construction House, Ballard Estate, Bombay.

Indian Tube Co Ltd, 41, Chowringhee Road, Calcutta-16.

J. N. Sharma & Sons, 14, Rohtak Road, New Delhi-5.

Jain Tube Co (1964) Ltd, Jain Bhawan, Hauz Qazi, Delhi-6.

Kalinga Tubes Ltd, 27-A Camac Street, Calcutta-16.

Khandelwal Tubes, Kanhan, P.O. Kamptee (near Nagpur).

Malet Welding Works, 16 Bank Street, Bombay.

Premier Automobiles Ltd, Construction House, Ballard Estate, Bombay.

R. N. Gupta & Co, Industrial Area-B, Ludhiana-3.

Reliable Water Supply Service of India Ltd, 17, Gokhale Marg, Lucknow.

Sakbry Engineering Corporation, 6/3, Clive Building, Netaji Subash Road, Calcutta-1.

Sakthi Pipes Ltd, 4, Smith Road, Madras-2.

Shanker Industries, 192, Jamunahalli Bazaar Street, Calcutta-7.

Shree Hanuman Industries, 178, Mahatma Gandhi Road, Calcutta-7.

Shree Krishna (P) Ltd, 20, Mangoe Lane, Calcutta-1.

Shri Ambica Tubes Ltd, Shri Ambica Mills Premises, near Kankaria Loco Siding, Ahmedabad.

Stewards & Lloyds of India Ltd, 41, Chowringhee Road, Calcutta-16.

Tube Products of India, TIAM House, 11/12, North Beach Road, Madras-1.

Zenith Steel Pipes Ltd, 155, Churchgate Reclamation, Bombay-20.

CROP AND COMMODITY SURVEY: APRIL 1971

Shortfalls in procurement

By Commerce Research Bureau

OFFICIAL circles have placed the procurement of *kharif* cereals between November 1970 and April 1971 at 3.29 million tonnes or about 60 per cent of the target of 5.5 million tonnes fixed by the Agricultural Prices Commission and agreed to by the State governments. The actual procurement of *kharif* cereals exceeded the targets only in two States. In Punjab which topped the list, the procurement was of the order of 6.94 lakh tonnes, against the target of 5 lakh tonnes. Madhya Pradesh came second by procuring 5.11 lakh tonnes, against the target of 4.85 lakh tonnes. In Uttar Pradesh, the procurement figure touched 3.12 lakh tonnes, against the target of 3.45 lakh tonnes. While there are moderate shortfalls in the procurement of *kharif* cereals in Andhra Pradesh, Maharashtra and Haryana the shortfalls in procurement are larger in Tamil Nadu, Mysore and Union Territories. The aggregate procurement of *kharif* cereals is estimated at 3.5 million tonnes during the full year from November 1970 to October 1971.

In the meantime, the procurement of wheat for the current marketing season (April 1971 to March 1972) has already started in the important producing States. In the opening month of the current season Punjab has procured 72,000 tonnes of wheat while in Haryana and Uttar Pradesh about 7,000 tonnes have been

procured. During April, the total procurement of wheat in all the States aggregated 94,000 tonnes. For the 1971-72 season the overall target for procurement of wheat has been fixed at four million tonnes.

With an improvement in the overall availability of foodgrains and a shrinkage in the gap between the market prices and the issue or controlled prices, the offtake of foodgrains from the public distribution centres has undergone a contraction. According to the Agricultural Prices Commission, during 1971, the offtake from the public distribution system is expected to fall to 8.5 million tonnes from 9 million tonnes in 1970. However on account of the extra demand for foodgrains arising from the influx of refugees from Bangladesh the offtake of foodgrains from the public distribution system is expected to rise rather sharply during 1971. To meet this situation, the Government has decided to import about three million tonnes from the US under the PL 480 by the end of 1971.

The supply and demand position of various agricultural commodities, their prices and other related developments during April are reviewed in the following paragraphs. Our State-by-State reviews appear after the commodity reviews.

Rice

The supply position of rice continued to be satisfactory during April. Nevertheless, in keeping with the seasonal pattern the price index of rice rose by 2 per cent between April 3 and April 24. Turning to the markets divergent trends were seen. Whereas the prices of rice at the Tadepalligudem market (Andhra Pradesh) showed a sharp fall of 14 per cent during April on account of good arrivals in the face of poor demand, in the Calcutta market the prices showed a substantial rise of about 13 per cent owing to the heavy demand. The influx of refugees from the neighbouring Bangladesh also aided this upturn. The current prices are 24 per cent lower than the level a year ago.

Wheat

During 1970-71, the output of wheat is estimated at 21.5 million tonnes, against 20 million tonnes in 1969-70. Already arrivals of the new crop have commenced. Reflecting this, the price index of wheat declined by 2 per cent between April 3 and April 24. In the Hapur market daily arrivals were about 1,000 maunds. As a result, the prices in this market at Rs 80-82.50 per quintal, showed a sharp fall of about 10 per cent. On the other hand, the prices in the Bhatinda (Punjab) market rose by 3 per cent owing to the good buying support. The current prices are one per cent lower than the level a year ago.

Barley

The daily arrivals of new barley crop were satisfactory. As a result, the prices of barley in the Hapur (Uttar Pradesh) market declined sharply by 7.2 per cent. The present price at Rs 45 per quintal is about 15 per cent lower than the level a year ago.

Jowar

Owing to the shortfall in the outturn of Maharashtra's jowar crop, there is a

marked fall in the availability of this commodity this year. As a result, the price of jowar in the Hapur market at Rs 70 per quintal showed a sharp rise of 40 per cent. Nevertheless, the current price is 35 per cent lower than the level a year ago.

Bajra

The supply position continued to be satisfactory during the month. With the beginning of the summer season the demand for the commodity declined. Reflecting this, prices of bajra in the Bombay market at Rs 60.65 per quintal showed a fall of about 7 per cent. On the other hand, in the Hapur market the prices remained steady at Rs 40 per quintal. The current prices in these two markets are lower than the level at this time last year by Rs 24 and Rs 15 per quintal respectively.

Maize

Owing to the slackness in demand the prices of maize in the Hapur market further slid down by about 27 per cent. The current price in the Hapur market is about 25 per cent lower than the level a year ago.

Tur

The daily arrivals of tur were normal in the principal markets of the country. In the Bombay market, the prices of tur ruled steady at Rs 110-112 per quintal. However, the prices in the Hapur market at Rs 122.50 per quintal showed a fall of 9 per cent because of slackness in demand. The current prices are lower than those that prevailed a year ago.

Gram

The flow of new gram crop was satisfactory at the terminal markets. Because of this, the prices in all the selected markets continued to decline further. In the Bombay and Rohtak markets, the prices of gram receded by about 4 and 9 per cent respectively. The current prices in

these two markets are lower by about 8 per cent than the level a year ago.

Cotton

For 1970-71 (September-August), the output of cotton continued to be placed at 54 lakh bales, against 58 lakh bales during 1969-70. With the increase in the pace of arrivals of imported cotton the supply position continued to be satisfactory during April.

The import of cotton from September 1970 to April 3, 1971 was placed at 201 lakh bales, against 420 lakh bales in the corresponding period in 1969-70. The export of Bengal Deshi registered for sale during the period September 1, 1970 to April 10, 1971 amounted to 130 lakh bales, against 181 lakh bales in the corresponding period.

In the Bombay market, the prices of the popular varieties declined between 4 and 8 per cent. The price of Cambodia 'B' variety at Rs 779 per quintal showed a sharp fall of Rs 65. The current prices are 18 per cent higher than the level a year ago.

Among other developments, the Union Government has cleared the Maharashtra Government's cotton monopoly purchase scheme under certain conditions. According to the Minister of State for Co-operation about Rs 7 crores to Rs 8 crores worth of cotton remained unsold with peasants in the Vidarbha region of Maharashtra. Neither the State Marketing Federation nor the State Government was in a position to purchase the unsold stock for want of funds.

Sugarcane

The output of sugarcane (gur) during 1970-71 is expected to be 1.75 million tonnes, against 1.34 million tonnes in 1969-70. Of this four-fifths have been cleared from the fields for the manufacture of sugar, gur and khandari. Sowing was in full swing in Uttar Pradesh, Maharashtra, Bihar, Tamil Nadu and Andhra

Pradesh. The acreage is expected to remain unchanged.

Sugar

During the period October 1, 1970 to April 15, 1971 of the current sugar season (October 1970 to September 1971), sugar production aggregated 33.54 lakh tonnes against 34.05 lakh tonnes in the corresponding period of the last season.

If this trend continues, according to the latest official estimates, the production during the current season is expected to be a little over 41 lakh tonnes as compared with 42.60 lakh tonnes in the preceding season.

The prices of sugar, which remained more or less steady during the first fortnight of April, declined in the following week owing to the release of a higher

quota of 4.25 lakh tonnes, consisting of 2.65 lakh tonnes of levy sugar and 1.60 lakh tonnes of free sale sugar by the Union Government on April 20. However, because of the marriage season, the offtake was higher and, therefore, prices again moved up. At the close of the month, the prices of sugar (C-30) in Bombay and Muzaffarnagar markets were 2 and 5 per cent higher than in the preceding month. The current prices in these two markets are higher by Rs 14 and Rs 22 per quintal, respectively, than the levels a year ago.

Gur

As the production of sugarcane during 1970-71 is a little lower than the preceding year, the production of gur is also expected to come down by half a million tonnes to about 6 million tonnes. On account of short supplies, the prices in the Hapur market as well as in the Kolhapur (Maharashtra) markets rose by about 5 and 2 per cent respectively. The current prices in the Hapur market are higher by Rs 35 per quintal, about 40 per cent, compared with the level a year ago.

Khandsari

During 1970-71, the aggregate production of khandsari is expected to be slightly lower at two million tonnes. The prices of khandsari in the Muzaffarnagar (Uttar Pradesh) and Delhi markets showed a rise of 4 and 11 per cent respectively owing to good demand. The stock in the Muzaffarnagar market is estimated at around 1,00,000 quintals. The current prices in the Muzaffarnagar market are higher by Rs 25 per quintal than the level a year ago.

Oilseeds

The aggregate production of groundnut (nuts-in-shell) for 1970-71 continued to be estimated at 62 lakh tonnes against the earlier estimate of 64.55 lakh tonnes. In spite of this downward revision it is higher than the output of 54.55 lakh tonnes in 1969-70. The summer crop arrivals in the south continued to be good, though the arrivals during the last week were slightly lower than in the first week of April. This was reflected in the prices in all the principal markets which receded sizably. In the Bombay and Rajkot (Gujarat) markets, the prices at Rs 177 and Rs 148 per quintal, were lower by about 10 per cent and 8 per cent respectively. The current prices in these two markets are significantly lower than the levels a year ago by 23 per cent and 25 per cent respectively.

The outturn of the other four major oilseeds—rapeseed, and mustard, sesamum, linseed and castorseed—is expected to be larger than last year. The prices of castorseed showed a sharp fall in the selected markets owing to the lack of buying support from exporters as well as industrial users. The daily arrivals of castorseed in the Gujarat and Hyderabad markets were sizable at 10,000 bags and 700 bags respectively. This indicates that the castorseed crop is expected to be significantly larger than last year.

Tea

During March 1971, the production of tea in South India was 9.9 million kg against 8.4 million kg in March 1970. However, the output during the first three months, January-March 1971, was lower.

It was at 22 million kg as compared to 22.6 million kg during the corresponding period of 1970. Till March end, production in north-east India had not begun.

In the Calcutta market, the average price of tea at Rs 621 per quintal showed an increase of 3 per cent in April. The current prices are lower by Rs 11 per quintal. The proposed Tea Corporation is expected to start its work soon. The Corporation will establish blending and packaging units in foreign countries. The Corporation will have an authorised capital of Rs 5 crores and an initial paid-up capital of Rs 25 lakhs.

Coffee

As against the original estimate of 82,000 tonnes of coffee crop for 1970-71, more than 86,000 tonnes have already been delivered to the Coffee Board's pool so far and another 10,000 to 15,000 tonnes are expected to be obtained for the pool before the end of the current season. Thus, for the first time, the production of coffee is expected to cross the one-lakh-tonne mark. Reflecting this record output, the prices (Robusta Flat) in the Coimbatore market have declined by about 2 per cent. The current prices are lower by about 31 per cent than the level a year ago.

Thus, there will not be any shortage of coffee for internal consumption. Currently, internal consumption is placed at between 42,000 and 45,000 tonnes. As regards the export of coffee, about 24,395 tonnes will be exported under the International Coffee Agreement. Besides, a sizable quantity will be exported to countries not covered by this agreement. It is estimated that foreign exchange earnings from coffee exports will be Rs 25 crores during 1971 against Rs 20 crores in 1970.

ANDHRA PRADESH

The foodgrains situation in the State continued to be satisfactory. So far, the Food Corporation of India has procured 3.75 lakh tonnes of rice during the current season and it is expected to go up to 4 lakh tonnes by the end of mid-May. Till April 15, the State had exported 17,430 tonnes of broken rice to Maharashtra, West Bengal, Kerala and Bihar.

ASSAM

In view of the satisfactory foodgrains position, the prices of foodgrains continued to rule steady. Owing to good rainfall during the first two weeks of April, the sowing of jute commenced in the State. Acreage under jute is expected to be more than normal. The tea crop is in excellent shape.

BIHAR

Despite drought, during 1970-71 the production of foodgrains in the State is expected to be satisfactory. On April 15, the State Government set up a Land Commission headed by the Revenue Minister, Mr Krishna Kant Singh, to suggest a limit for ceiling on land. The State Government has launched some new schemes for landless agricultural labourers, which provides for the settlement of small farmers on cultivable land with minimum wages and full employment, besides

Jute

THE prices of both raw jute and jute products, after spurting up in the first two weeks of April, following the civil war in Bangla Desh, moved down during the major part of the remaining period. The prices of Assam bottoms which were quoted at Rs 158 per quintal at the end of March rose sharply to Rs 168.79 in mid-April. Thereafter, the prices came down, as steeply as they rose, to Rs 158.09 in the last week of April. In fact, as the month closed, the prices not only settled down to March-end level but showed definite signs of a decline. Thus, the earlier expectation that the jute prices would shoot up have been belied for some time at least. There were three major factors contributing to this development. Firstly, the domestic demand is yet to gather momentum as the Government and the semi-Government agencies continue to buy in small lots preferring to draw more upon their existing stocks. The major industrial buyers reduced their requirements and preferred to wait until the prices settled down at reasonable levels. Thirdly, the anticipation following the civil war in Bangla Desh that sizable foreign orders would be diverted to India could not materialise in the wake of stiff resistance of overseas buyers to higher prices. They were rather inclined to watch the Bangla Desh situation for some time before entering into large-scale commitments. In fact, they were repeatedly assured by the Pakistani exporters that conditions in Bangla Desh would settle down soon and shipments start immediately thereafter.

However, the present indications do not lend support to any optimism about jute production in Bangla Desh on account of reported large-scale dislocation of industries and communications there. Secondly, good rains in the jute-growing areas and the fixation of a target of 84 lakh bales for 1971-1972 as compared with the production of 62 lakh bales in 1969-70 had a sobering effect on the market sentiments. Thus, though the crop arrivals have been small, the prospects of bigger crop made the holders keen to dispose off their stocks in order to avoid loss in prices.

giving them subsidiary occupation as a precaution against the failure of crops.

GUJARAT

The production of foodgrains in the State is expected to rise to the record level of about 34 lakh tonnes during 1970-71 against 32 lakh tonnes in 1969-70. For the first time, the Food Corporation of India has entered the Gujarat markets. It has a purchase target of 30-40 thousand tonnes of wheat. Meanwhile, it has already started purchasing wheat and so far about 22,211 tonnes have been purchased. For the expansion of the agricultural research programme during 1971-72, a provision of Rs 45.78 lakhs has been made.

HARYANA

The State harvested a bumper wheat crop during 1970-71. For the investigation of irrigation, flood control and power projects, the Union Ministry of Irrigation and Power has sanctioned Rs 90 lakhs to the State. The Resources and Economic Committee of Haryana in its report to the State Government has recommended the imposition of agricultural income tax on all land holdings above 30 standard acres. A dairy scheme, which will give a profit of Rs one lakh per year from a holding of 12 hectares, has been worked out by the National Dairy Research Institute of Karnal.

HIMACHAL PRADESH

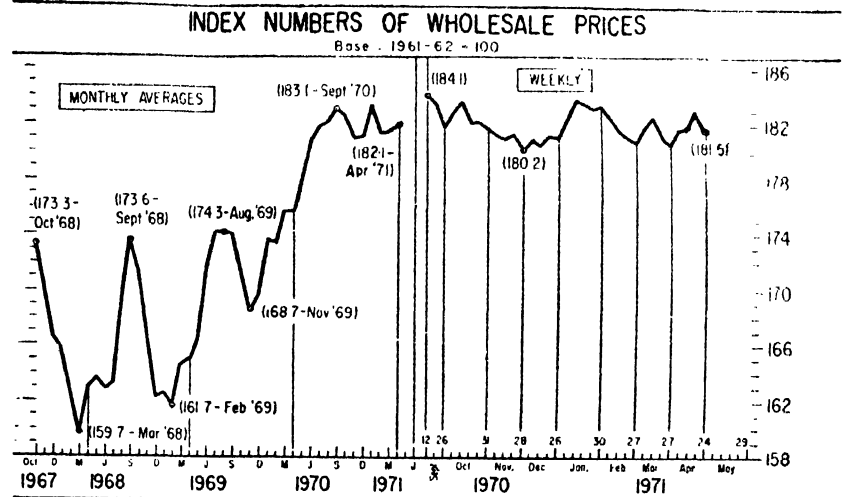
The production of foodgrains in the State is expected to be 11.50 lakh tonnes during 1970-71 against about 10 lakh tonnes in 1969-70. The State has harvested about 35 lakhs tonnes of wheat during 1970-71, against three lakh tonnes in the previous year. The sowing of sugarcane was over by April. The Union Ministry of Irrigation and Power has sanctioned a special loan of Rs 17 lakhs for the investigation of irrigation, flood control and power projects in the State.

JAMMU AND KASHMIR

The overall food situation in the State continued to be satisfactory. The Kashmir valley, however, is faced with a serious drought on account of scanty rains during March and April. The Union Ministry of Irrigation and Power has sanctioned a special loan of Rs 2.2 lakhs to the State for the investigation of irrigation, flood control and power projects.

KERALA

The aggregate production of rice in the State is expected to be 13 lakh tonnes during 1970-71 against 12.1 lakh tonnes in 1969-70. Between September 1970 and March 1971, the Cashew Corporation of India (CCI) imported and distributed to processors about 65,000 tonnes of raw cashewnuts. About 16,000 tonnes of processed cashewnuts were expected to be exported by the middle of April. On April 13, the State Assembly urged the Centre to nationalise the export trade in processed cashewnuts and to distribute imported cashewnuts to only existing registered and licensed cashew factories on the basis of the number of workers engaged in them. The Union Minister of State for Foreign Trade, Mr L. N. Mishra, has promised help in the shape of institutional finance of Rs 4 crores from the Reserve Bank of India for reopening at least 50 out of the 220 closed cashew factories in the State. A survey on tapioca has been launched by



PRICES IN APRIL

Stability continues

GOING by the average for the first three weeks, the official Index Number of Wholesale Prices at 182.1 remained almost stable during April (+0.3 per cent). A study of the commodity quotations from the various markets compiled by us indicates that this steady trend continued during the last week of April as well. The prices of foodgrains were generally lower than the level a year ago. This reflects a comfortable supply position of foodgrains. But other food items rose slightly. As a result, during April, the price index for food articles rose nominally. Even as compared to the level a year ago, the price index for this group was marginally higher.

Owing to the improved availability of supplies, the price indices of both raw cotton and groundnuts showed marked declines of about 7 per cent and 4 per cent, respectively, during April. On the other hand, the price index of raw jute forged ahead rather sharply by 10 per cent on account of good buying support. As a re-

sult, the price index for industrial raw materials recorded a moderate fall of 2 per cent. What is more, for the first time in recent months, the price index for this group was lower by about one per cent than the level a year ago.

The price index for manufactures, however, should cause concern. During the month under review, the price index rose by about one per cent. During the last 12-month period, the index for manufactures rose by 8 per cent. During the week ended April 24, the official Index Number of Wholesale Prices at 181.5 was only 2.9 per cent higher than the level a year ago.

The most notable feature of the current busy season is that the prices remained almost stable during the last eight months beginning from September 1970 to April 1971. During the current busy season so far (September 1970 to April 1971), prices have declined by only 0.5 per cent against the declines of 3.2 per cent and 6.9 per cent during the busy seasons of 1969-70 and 1968-69, respectively.

INDEX NUMBERS OF WHOLESALE PRICES

(Base: 1961-62 = 100)

Group/Commodity	Weight	April 24, 1971	March 27, 1971	April 26, 1970	Percentage variation in April 24, 1971 over	
					March 27, 1971	April 26, 1970
Food articles	41	202.2	199.8	199.7	1.2	1.3
(1) Rice	7	198.3	195.2	203.1	1.6	-2.4
(2) Wheat	3	203.1	204.4	205.3	-2.6	-1.1
Industrial raw materials	12	187.1	191.5	188.5	-2.3	-0.8
(1) Cotton, raw	2	222.9	238.9	188.6	6.7	18.2
(2) Jute, raw	1	157.3	142.6	141.5	10.3	11.2
(3) Groundnuts	3	181.8	188.7	212.1	-3.7	-14.3
Manufactures	20	161.7	160.5	149.3	0.7	8.3
All commodities	100	181.5	180.7	176.3	0.4	2.9

the Tapioca Market Development Board in selected panchayats in each of the 55 talukas in the State to ascertain the extent of the use of tapioca as an article of food.

MADHYA PRADESH

During 1970-71, the State harvested a record rice crop of 3650 lakh tonnes against 3225 lakh tonnes in 1969-70. The procurement of rice has already exceeded the target of 425 lakh tonnes in the State. The wheat procurement target in the State during 1971-72 has been fixed at 10,000 tonnes. So far, the Food Corporation of India has procured 594 tonnes of wheat in the State. In pursuance of the recommendation of the Forest Advisory Committee, the State Government has decided to exempt *mahua* flowers from State trading in forest produce. The State Government would, however, purchase *mahua* flowers, if necessary, at the support price of Rs 20 per quintal.

MAHARASHTRA

Owing to severe drought conditions, the overall foodgrains production in the State has been adversely affected during 1970-71. Standing sugarcane crop in nearly 1,000 acres has wilted and farmers have suffered losses at an estimated rate of Rs 3,000 per acre. It is reported that in the Kopargaon, Shrirampur, Rahuri and Sangamner areas, 90 per cent of the 25 lakh wells have dried up. The State Government has submitted a Rs 63-crore comprehensive project for the development of ground water resources, land and farm mechanisation to the World Bank. The Maharashtra Apex Co-operative Marketing Federation has opened 11 new cotton purchasing centres for stabilising prices of cotton at Akola, Ycotmal, Ghatgi, Vani, Arvi, Sillod, Hingoli, Khelu and Jalna. The Government of Maharashtra has lifted the Statutory rationing of wheat from the Greater Bombay rationing area with effect from May 1.

MYSORE

The overall foodgrains production (*kharif* plus *rabi*) during 1970-71 is expected to be 62 lakh tonnes, against 59 lakh

tonnes in 1969-70. The available preliminary estimates of production of rice and jowar seems to be higher than in the previous year. The Indian Coconut Development Council proposes to set up a big coconut seed farm of about 120 acres in the State. The farm will serve as the main plantation centre of high-yielding seed nuts and will produce 7,000 tall and dwarf hybrid seedlings per year. At the Institute of Horticultural Research, Hessarghatta, some new varieties with double yield, early maturity and disease resistant vegetables have been evolved.

ORISSA

The food position in the State continued to be satisfactory. On account of the excellent pre-monsoon rainfall in the State during April, the sowing of jute has been started. It seems that this year more acreage will be brought under jute. Among other developments, the Planning Commission has not approved the Orissa Government's provision in its annual plan for the current year for the construction of the Rs 120-crore Indravati dam project and the Rs 2457-crore Anandapur barrage project.

PUNJAB

During 1970-71, the production of wheat in the State is expected to be 48 lakh tonnes, i.e., the same as last year. The wheat procurement target for the State is fixed at 26 lakh tonnes for 1971-72. Of this, 12 lakh tonnes will be procured by the State Government and 7 lakh tonnes each by the State Co-operative Marketing Federation and by the Food Corporation of India. The wheat procured by the State Government and the State Co-operative Marketing Federation will also be taken over by the Food Corporation of India for the central pool.

On April 7, the State Government had decided to go in for complete nationalisation of trading in wheat in the State. The Cabinet decided that the Food Department should make wheat purchases through other agencies than *pucca arhatis*. A survey conducted by the State Fisheries Department revealed that the annual fish

production in the State from all sources is about 1,800 tonnes valued at Rs 54 lakhs. In view of this, the State Government plans to intensify fish production in the State.

RAJASTHAN

During 1970-71, the aggregate production of foodgrains (*kharif* plus *rabi*) is expected to touch the record level of 76 lakh tonnes. The Food Corporation of India has started its procurement operations and so far procured 420 tonnes of wheat from the State. The Rajasthan State Agro-Industries Corporation has opened workshops for the repair of tractors at Jaipur, Kotah, Hanumangarh, Pali, Nagaur, Chittorgarh, Alwar and Bharatpur. The Corporation is also engaged in a land levelling programme in the State. Last year, the Corporation levelled 1,000 acres in the ravine areas of Chambal in Kotah district. Further, the Corporation has also signed an agreement with a West German firm for the establishment of a tractor plant at Jodhpur. Two varieties of Molya disease resistant barley have been evolved by the Agricultural Research Farm at Durgapur near Jaipur.

TAMIL NADU

The overall foodgrains production in the State during 1970-71 is expected to be higher at 65 lakh tonnes, against 62.5 lakh tonnes in 1969-70. Of this, production of rice is 49 lakh tonnes. It is expected that rice production in the State will be raised to a new high of 60 lakh tonnes and foodgrains production to 77 lakh tonnes during 1971-72.

UTTAR PRADESH

Uttar Pradesh accounts for more than one-third of the country's *rabi* foodgrains production. During 1970-71, the State is expected to produce 10.5 million tonnes *rabi* foodgrains, against 10 million tonnes in 1969-70. The State has decided to build up a buffer stock of 6.5 lakh tonnes of wheat. A composite variety of maize, Protina, with 10.62 per cent protein and 5.86 per cent lysine, has been developed by the U. P. Agricultural University, Pantnagar. Its yield is about 45 quintals per hectare, against the average yield of 8 quintals per hectare for the State.

WEST BENGAL

The overall foodgrains production in the State during 1970-71 is expected to be higher than the last year's level of 736 lakh tonnes. The production of wheat alone this year is estimated at 8.5 lakh tonnes. In 1970-71, so far, only two lakh tonnes of foodgrains have been procured by the Food Corporation of India from the State. Currently, the annual requirement of rice in the State is placed at 62 lakh tonnes and that of wheat at 18 lakh tonnes, thus making a total of 80 lakh tonnes. Of this about 4 lakh tonnes are required for a buffer stock and the rest for consumption. The sowing of Boro paddy for 1971-72 season has commenced in the State. Against 8 lakh tonnes of Boro paddy produced in 1970-71, the target for 1971-72 is fixed at 10 to 11 lakh tonnes. The State Government has decided to distribute 750 lakh acres of vested land among the landless cultivators or those having less than two acres of land.

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(Rs per quintal)

Commodity	Market	Variety	April 1971				Percentage variation over the month	High		Low	
			9th	16th	23rd	30th		As on April	Ra.	As on April	Ra.
I. Feedgrains											
(1) Rice ..	Tigudem	Akulu (New)	91-89-128.37	91-89-128.37	91-89-129.72	94-59-97.29	-13.9	8	91-89-137.83	1	91-89-138.47
	Hapur	Kaccha	165-180	165-185	165-185	160-182.50	+0.7	7	165-185	1	165-180
	Calcutta	..	175-187.50	190-209.50	190-215	197-50-222.50	+12.7	13	190-205	1	175-185
(2) Wheat ..	Delhi	Basmati (New)	135-185	135-190	140-185	140-185	+1.5	1	135-190	24	140-185
	Hapur	White Farm	87-50-92.50	90-97.50	82-50-87.50	80-82.50	+0.7	8	90-97.50	16	82-50-85
	Bhatinda	Farm	78-25-83.25	77-90-82.75	78-50-83.30	80-50-85.75	+2.9	24	78-50-83.30	15	78-50-82.25
	Delhi	Farm	96	97	95	101	+0.6	1	97	13	95
(3) Barley ..	Sonepat	..	80-86	85-88	82-86	80-85	+0.6	1	85-90	24	82-86
	Bhatinda	..	41-70-46.25	40-30-45.30	41-70-46.30	44-70-47.70	+0.5	15	40-30-58.30	8	40-30-44.50
(4) Jowar ..	Hapur	White	47-50	47-50	42-50	45	+7.2	25	50	25	42-50
(5) Bajra ..	Raichur	White	76-50-78	78-50	77-82	80-50.50	+40.0	24	70	1	77
	Bombay	Superior	62-72	60-65	60-65	60-65	+6.7	1	77-82	1	60-65
(6) Maize ..	Hapur	..	40	40-42.50	42-50	40	..	13	42-50	1	40
	Bhatinda	..	48-70-55.60	48-30-58.30	48-50-54.30	47-70-53.30	-3.2	6	49-70-55.25	6	45-52.50
(7) Gram ..	Hapur	Gulabi No. 1	52-50-80	42-50-47.50	42-50-47.50	40-42.50	-26.7	17	52-50-57.50	17	42-50-47
	Bombay	Dal	84-86	80-81	79-80	81-83	-3.5	6	85	6	80-81
	Hapur	Kabli	87-60	75-80	72-50-77.50	84	-4	13	87-50	24	72-50-77.50
	Robtak	..	145-160	135-145	125-140	125-145	-8.5	1	160-155	24	125-140
(8) Tur ..	Bombay	..	110-112	110-112	108-112	110-112	..	1	110-112	24	108-112
	Hapur	..	135	135	132.50	122.50	-9.3	1	135	30	122.50
II. Fibres											
(1) Cotton ..	Bombay	Moglai Jarilla	670	649	628	628	-6.3	1	670	30	628
	Bombay	Khandesh	716	692	671	671	-6.3	1	716	30	671
	Bombay	Vidarbha MP	805	831	806	806	-0.8	1	802	23	860
	Bombay	L 147	813	808	770	779	-4.2	1	813	23	770
	Bombay	Cambodia (B)	844	808	769	779	-7.7	1	844	29	775
	Bombay	Bengal Deshi	394	373	373	377	-4.3	1	394	19	373
(2) Jute ..	Calcutta	Assam	158-00	168-79	162-90	158-09	..	17	168-79	29	158-09
	Calcutta	Bottoms	163-36	168-79	162-90	158-09	..	17	168-79	29	158-09
III. Oilseeds and oil											
(1) Groundnut ..	Bombay	Khandesh	196	190	177	177	-9.7	1	194	23	177
	Rajkot	quality	160-41	157-28	148-36	148-11	-7.7	1	158-33	26	148-11
	Adoni	Kernels	203	201	197	197	-3.6	1	202	22	197
	Madras	New crop	191-25-192.50	187-50	175-183.75	178-75	-6.8	15	192-50	30	178-75
(2) Groundnut oil ..	Adoni	..	422-60	407-50	385	382-50	-9.5	30	417-50	30	382-50
	Bombay	..	437-50	434	408	408-50	-7.1	15	437-50	24	406
	Madras	..	405	414-416	384	387	-5.4	15	414-416	26	383
(3) Rapeseed ..	Rajkot	..	413-50	408	394	387	-6.4	13	430-50	30	387
	Kanpur	..	160-163	166-170	162-164	150-165	-8.8	7	165-170	30	150-165
	Ludhiana	..	170	155	145	145	-14.7	6	175	30	145
(4) Mustardseed ..	Hapur	..	155-167.50	147-50-152.50	142-50	140	-13.2	1	155-157.50	24	140
	Delhi	Lotni	180-188	160-165	160-185	160-165	-12.9	1	175-180	23	130-165
IV. Others											
(1) Sugar ..	Bombay	C-30	189-190	190	190	194	+2.4	13	195	5	188
	Muzaffarnagar	Crystal	180-185	182-204	185-200	190-203	+4.8	13	186-204	1	180-185
(2) Khandasari ..	Delhi	..	156-170	160-185	175-190	175-190	+10.6	25	160-185	3	155-170
	Muzaffarnagar	..	130-170	135-185	135-180	135-177.50	+4.1	14	135-185	3	125-175
(3) Gur ..	Hapur	Parasara	73-75-75	81-25-82.50	83-85	75-81	+4.8	14	87-50-86.75	6	71-25-72.50
	Kolhapur	Superior	136-155	141-163	140-157	140-156	+1.7	30	140-156	1	136-155
(4) Tea ..	Calcutta	..	609	596	612	621	+2.7	7	621	7	596
(5) Coffee ..	Coimbatore	Robusta Flat	452-480	452-480	452-480	450-480	-1.8	13	452-496	1	452-480

ANNOUNCEMENT REGARDING THE ISSUE OF EQUITY AND PREFERENCE SHARES

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

PERSONS INTERESTED IN FULL DETAILS MAY OBTAIN COPIES OF THE PROSPECTUS AND APPLICATION FORMS FROM THE BROKERS AND BANKERS MENTIONED BELOW

THE SUBSCRIPTION LIST WILL OPEN AT COMMENCEMENT OF BANKING HOURS ON TUESDAY, 25th MAY 1971 AND CLOSE AT THE CLOSE OF BANKING HOURS ON MONDAY, 31st MAY 1971 OR EARLIER, AT THE DISCRETION OF THE DIRECTORS, BUT NOT BEFORE THE CLOSE OF BANKING HOURS ON THURSDAY, 27th MAY 1971.

SWADESHI POLYTEX LIMITED

(INCORPORATED UNDER THE COMPANIES ACT, 1956)

Registered Office : KH-257, KAVINAGAR, CHAZIABAD, U.P.

HISTORY AND BUSINESS

The Company which has been promoted by The Swadeshi Cotton Mills Company Limited, Kanpur, one of the leading textile manufacturers in India, was incorporated on 21st March 1970 and received a certificate of commencement of business on 9th July 1970. The objects of the Company are to carry on the business of manufacturing, processing and selling of synthetic fibres, organic and inorganic heavy chemicals, fine chemicals, dyestuffs and resins.

The Company has obtained an industrial licence for the manufacture of 6,100 tonnes per annum of polyester fibre at Chaziabad, near Delhi. Polyester fibre, a leading man-made fibre, was commercially developed by Imperial Chemical Industries Limited, U.K. under the name of "Terylene" and by Du Pont of U.S.A. as "Dacron." Polyester fibre is now recognised as amongst the most versatile and useful of textile fibres. The demand for polyester fibre in India is very much in excess of supply.

The Company has entered into an agreement with Vickers-Zimmer AG, Frankfurt, West Germany for the purchase of machinery, equipment and technical know-how. Vickers-Zimmer is a specialist in the design and supply of plant and machinery for the manufacture of synthetic fibre and has designed, fabricated and erected plants for leading manufacturers in more than thirty countries in the world. Tata Consulting Engineers have been retained to supply detailed design and engineering services based on the technical information provided by Vickers-Zimmer. They will provide assistance and supervision in procurement, construction, start-up and acceptance testing of the plant. Siemens India Limited will be responsible for the supply of electrical instrumentation and control facilities for the plant. A project manager with several years' experience in the chemical industry and who was until recently employed in the polyester fibre plant of Du Pont, U.S.A., has joined the Company. Some senior technical personnel have already been recruited and other executives will be recruited in due course and trained by the Company's technical collaborators.

The Swadeshi Cotton Mills Company Limited has been allotted Rs. 1,00,00,000 face value of equity shares and the directors, nominees and associates have been allotted Rs. 65,00,000 face value of equity shares.

COST OF THE PROJECT

The total cost of the project is estimated by the Directors at Rs. 1,272 lacs as follows :

	Rs. lacs
Land and site development	26
Buildings	93
Plant, machinery and equipment	746
Other assets	20
Preliminary, pre-operative and issue expenses	48
Interest on loans and on deferred payments during construction period, mortgage expenses, etc.	70
Contingencies	47
Working Capital	222
Total	1,272

The total foreign exchange cost (including insurance and freight) is estimated as Rs. 229 lacs.

SOURCES OF FINANCE

The project is being financed as follows :

	Rs. lacs
Equity share capital	330
Preference share capital	110
UPSID deferred credit on land	18
Term loans/debentures	649
Cash credit facilities from banks	105
Total	1,272

SHARE CAPITAL

AUTHORISED

	Rs.	Rs.
75,00,000 equity shares of Rs. 10 each	75,00,000	
2,50,000 redeemable cumulative preference shares of Rs. 100 each	2,50,00,000	
		10,00,00,000

ISSUED, SUBSCRIBED AND PAID-UP

	Paid up	Face value
	Rs.	Rs.
4,00,000 equity shares of Rs. 10 each allotted to subscribers to the Memorandum, directors, nominees and associates, which have been fully paid up	40,00,000	40,00,000
2,50,000 equity shares of Rs. 10 each allotted to directors, nominees and associates on which Rs. 5 per share has been paid up	12,50,000	25,00,000
10,00,000 equity shares of Rs. 10 each allotted to The Swadeshi Cotton Mills Company Limited on which Rs. 5 per share has been paid up	50,00,000	1,00,00,000
	1,02,50,000	1,65,00,000

The balance of Rs. 5 per share on the partly paid shares will be called up along with the calls on the present issue to the public.

PRESENT ISSUE TO PUBLIC

	Rs.
16,50,000 equity shares of Rs. 10 each for cash at par	1,65,00,000
1,10,000 9.5% redeemable cumulative preference shares of Rs. 100 each for cash at par	1,10,00,000
	2,75,00,000

TERMS OF PAYMENT

	Equity shares	Redeemable cumulative preference shares
	Rs.	Rs.
On application	2.50	25.00
On allotment	2.50	25.00
By two equal calls to be made simultaneously on both equity and preference shares by the Board of Directors on or after 1st October 1971 with an interval of not less than two months between the calls	5.00	50.00
	10.00	100.00

Note : The balance amount, if any, paid on application will be adjusted towards the amount payable on allotment of shares actually allotted to the applicant concerned.

Failure to pay the amount due on allotment or call will render the shares, including the amount already paid up on them, liable to forfeiture.

DIRECTORS

SHRI SITARAM JAIPURIA, M.P.

Chairman and Managing Director

Swadeshi House, Kanpur 1.

SHRI RAMNIWAS RAMNARAIN RUIA

Industrialist

Ruia House, Mount Pleasant Road,
Malabar Hill, Bombay 6.

SHRI CHANDRA KISHAN DAPHTARY

Ex-Attorney General of India

Senior Advocate, Supreme Court

A-8, Maharani Bagh, New Delhi 14.

SHRI DEVDATT PURI, M.P.

Industrialist

Saraswati House, Yamuna Nagar
(District Ambala, Haryana)

DR. PALAMADAI SAMU LOKANATHAN

Economist

62, Srinagar Colony, Madras 15.

SHRI RANADEB CHAUDHURI

Barrister-at-Law

34, Ballygunge Circular Road, Calcutta 10

DR. RAJARAM JAIPURIA

Industrialist

Swadeshi House, Kanpur 1.

**H. H. SIR YADAVINDRA SINGH, O.C.I.E.,
O.B.M.E.**

Mahendra Bahadur Maharajadhiraj of Patiala

Financier and Landlord

Motibagh, Patiala.

SECRETARY AND FINANCIAL ADVISER

SHRI FRAMROZE RUTTONJI BHESANIA

KF-80, New Kavinagar, Ghaziabad.

PROJECT MANAGER

SHRI ASHOK K. NEWATIA

KF-80, New Kavinagar, Ghaziabad.

REGISTRARS TO THE ISSUE

APOLLO SECURITIES PRIVATE LIMITED

14, Rampart Row,
Bombay 1.

AUDITORS

B. VAIDYANATH AIYAR & CO.

3, Thapar House 124, Janpath, New Delhi 1.

B. CHIAWCHHARIA & CO.

33, Netaji Subhas Road, Calcutta 1.

SOLICITORS

**MULLA & MULLA & CRAIGIE, BLUNT
& CAROE**

51, Mahatma Gandhi Road, Bombay 1.

KHAITAN & CO.

Himalaya House, Kasturba Gandhi Marg,
New Delhi.

UNDERWRITERS

The proposed public issue of 18,50,000 equity shares and 1,10,000 0.5% redeemable cumulative preference shares has been underwritten as follows:

Name	Equity Rs.	Preference Rs.
Industrial Development Bank of India	35,00,000	35,00,000
Life Insurance Corporation of India	20,00,000	35,00,000
The Industrial Credit and Investment Corporation of India Limited	15,00,000	20,00,000
U. P. State Industrial Corporation Limited	15,00,000	10,00,000
Industrial Finance Corporation of India	20,00,000	—
Unit Trust of India	10,00,000	10,00,000
National and Grindlays Bank Limited	12,00,000	—
The New India Assurance Company Limited	5,00,000	—
Hercules Insurance Company Limited	4,50,000	—
Dhirajlal Maganlal Purshotamdas	3,50,000	—
Batlivala & Karani	3,50,000	—
Harkisondass Lakhmidass	3,50,000	—
Place, Siddons & Gough (Private) Limited	3,50,000	—
Harbans Singh Mehta & Co.	3,50,000	—
Pateron & Co.	2,00,000	—
Lewis & Jones	1,50,000	—
Champaklal Devidas	1,50,000	—
Merwanjee Bomanjee Dalal	1,50,000	—
D. S. Purbhoodas & Co.	1,50,000	—
Chunilal T. Mehta	1,50,000	—
Stewart & Co.	1,50,000	—
	1,65,00,000	1,10,00,000

PRINCIPAL BROKERS

DHIRAJLAL MAGANLAL PURSHOTAMDAS

Stock Exchange Building, Apollo Street, Bombay 1.

BATLIVALA & KARANI

Union Bank Building, Dalal Street, Bombay 1.

HARKISONDASS LUKHMIDASS

Stock Exchange Building, Apollo Street, Bombay 1.

PLACE, SUDDONS & GOUGH (PRIVATE) LTD.

6, Lyons Range, Calcutta 1.

HARBANS SINGH MEHTA & CO.

33, Regal Buildings, Parliament Street, New Delhi 1.

PATERSON & CO.

Vanguard House, 11/12, Second Line Beach,
Madras 1.

OTHER BROKERS:

Bombay

LEWIS & JONES

Bank of Baroda Building, Apollo Street, Bombay 1.

CHAMPAKLAL DEVIDAS

Bhupen Chambers, Dalal Street, Bombay 1.

D. S. PURBHOODAS & CO.

10/11, New Stock Exchange Building, Apollo Street,
Bombay 1.

MAHADEVIA BROS.

Stock Exchange Building, Dalal Street, Bombay 1.

MERWANJEE DOMANJEE DALAL

Allahabad Bank Building, Apollo Street, Bombay 1.

Calcutta

STEWART & CO.

14, India Exchange Place, Calcutta 1.

G. M. PYNE

Allahabad Bank Building, 14, India Exchange Place,
Calcutta 1.

N. L. ROY & CO.

7, Lyons Range, Calcutta 1.

RAMNARAIN KAYAN & CO.

7, Lyons Range, Calcutta 1.

MURARKA BROTHERS

7, Lyons Range, Calcutta 1.

CHUNILAL T. MEHTA

8, Lyons Range, Calcutta 1.

BIHAGIRATH MURARKA

7, Lyons Range, Calcutta 1.

KISHANCHAND JIUNJHUNWALA

7, Lyons Range, Calcutta 1.

Delhi

RAJA RAM BHASIN & CO.

Jewan Mansion, 8/4, D. B. Gupta Road,
New Delhi.

D. B. MALHOTRA & CO.

13, Stock Exchange Building, Asaf Ali Road,
New Delhi 1.

BHARAT BHUSAN & CO.

H-45, Connaught Place, New Delhi 1.

JALAN & CO.

Stock Exchange Building, Asaf Ali Road,
New Delhi 1.

K. B. MALIK & CO.

Atma Ram House, Opp. Odeon Cinema,
Connaught Place, New Delhi 1.

H. P. MEHTA & CO.

302, Akash Deep, 3rd floor, Barakhamba Road,
New Delhi 1.

Madras

KOTHARI & SONS

Kothari Buildings, 20, Nungambakkam High Road,
Madras 34.

CHITRA & CO.

322/323, Linghi Chetty Street, Madras 1.

Bangalore

M. NANJAPPAIAH JAHGIRDAR

205, Cavalry Road, Bangalore 42.

Hyderabad

P. B. ATZALPURKAR

Sultan Bazar, Hyderabad.

Ahmedabad

CHINUBHAI CHIMANLAL DALAL

Fatehba's Haveli, Ratanpole, Ahmedabad 1.

BANKERS TO THE ISSUE

STATE BANK OF INDIA

Apollo Street, Bombay 1.

and main branches at:

Ahmedabad, Bangalore, Calcutta, Indore, Jabalpur,
Kanpur, Madras and New Delhi.

PUNJAB NATIONAL BANK

Punjab National Bank House,
Sir Pherozeshah Mehta Road, Bombay 1.

and main branches at:

Allahabad, Amritsar, Calcutta, Kanpur, Lucknow,
Madras, New Delhi and Patna.

BANK OF INDIA

70 80, Mahatma Gandhi Road, Bombay 1.

and main branches at:

Baroda, Calcutta, Jamahadpur, Kanpur, Madras,
Nagpur, New Delhi and Secunderabad.

NATIONAL AND GRINDLAYS BANK LIMITED

90, Mahatma Gandhi Road, Bombay 1.

and other branches at:

Bombay, Calcutta, Cochin, Delhi, Hyderabad,
Kanpur, Madras, New Delhi and Tuticorin.

FIRST NATIONAL CITY BANK

293, Dadabhai Naoroji Road, Bombay 1.

and other branches at:

Bombay, Calcutta, Madras and New Delhi.

Issue managed by

MERCHANT BANKING DIVISION, NATIONAL AND GRINDLAYS BANK LIMITED

Hindustan Lever Limited

Chairman, Mr. V. G. Rajadhyaksha's Speech

PAST AND FUTURE

SPEECH delivered by V. G. Rajadhyaksha, Chairman, at the Annual General Meeting of Hindustan Lever Limited, held at Bombay on Thursday, 20th May 1971.

This year I am departing from the past practice when your Chairman restricted his address to a single facet of your Company's activities. The end of one decade and the beginning of another marks a milestone that would itself justify taking stock of the enterprise as a whole.

In assessing the Company's past performance and its plans for the seventies, I will confine my remarks to two questions which I feel sure are of interest to you. First of all in the face of growing concern and indeed in some quarters, trenchant criticism, about the role of large companies such as yours, what account have we given of ourselves? Secondly, in the light of the new industrial policy that has just emerged, how do we see our future?

A REVIEW OF THE PAST

Our Traditional Business

Our traditional business has been largely in good quality household consumer goods aimed at the mass market. For instance, 'Dalda' is not just an economical substitute for ghee, but a nutritious product, in its own right. Similarly, 'Sunlight', 'Lifebuoy', 'Surf' and 'Vim' have come to represent the highest standards in their product class. In a developing economy, where the accent is on production rather than on distribution and marketing, the customer's interests have often been ill-served. By contrast, a trained marketing organisation dedicated to offering the consumer precisely what she wants at reasonable prices has been an integral part of your Company's philosophy since its inception and remains one of its greatest strengths. Indeed, the emergence of marketing as a discipline and a socially worthwhile profession is something which your Company has done much to foster.

In the field of distribution we have created a network which is not only efficient and economical, but which was one of the first to penetrate deep into the countryside using methods and equipment which were new to the country. In the absence of taxation on agricultural incomes the sale of excise-bearing consumer goods in the rural areas is one of the few practicable means the exchequer has of tapping the wealth in the more prosperous farming communities.

Indianisation

During these last two decades one of the important objectives of Government policy was to persuade multi-national companies to Indianise their managements. Our response may be gauged from the fact that as early as 1957 we had only a sprinkling of expatriates and there has been an Indian national at the helm of our affairs since 1961.

Again we were amongst the first to respond to Government's desire to associate Indian capital with the business. Our progress in this direction has been limited not by any reluctance in principle, but because such modest growth and diversification as we were permitted from time to time could be financed from within and did not call for any widening of the capital base.

Research and Development and Import Substitution

That industries should develop an indigenous research and development base and that one of the objectives of such R & D effort should be to reduce the country's dependence on imports of goods and know-how has been and is one of the goals of Government policy. Here also I believe your Company has an exemplary record.

We concentrated our efforts on vegetable oils—the principal raw material for the products which make up the bulk of the Company's business. The stagnant productivity of oilseeds in the face of rising demand, the theme of your Chairman's Annual General Meeting speech eleven years ago, resulted in a net deficit ten years ago and the deficit has been growing. In spite of imports amounting to over 200,000 tonnes by Government in 1970, and a good oilseed harvest in 1970-71, prices of vegetable oils are higher in India than almost anywhere else in the world.

With these and other problems in mind, a decade ago, your Company began investing in its own Research and Development facilities and today it has the largest and finest organisations in its field in the country. One of its major tasks was to discover new techniques for upgrading non-traditional and inedible oils into materials suitable for making good quality soaps. Our Buying Department has played a pioneering role in promoting the collection of forest seeds such as sal. The joint effort of these departments had led to an eight-fold increase in the consumption of non-traditional oils by your Company during the last five years. Today only the physical difficulties of gathering seeds in the short time that is available before the monsoon makes collection impossible and the low value of the by-product oil-cake are the main obstacles in the way of exploiting the full potential of these oils.

Perhaps our most notable success in reducing the need for imports of oils is in stimulating the mass consumption of synthetic detergent powders and bars which replace soap. In 1970 alone, the synthetic detergents produced by your Company saved the import of over Rs 3 crores of oils which would have otherwise been required to produce an equivalent quantity of soap. In less than three years' time, if no impediments are put in the way of our growth, this figure can be readily increased to Rs 6 crores, or Rs 10 crores per annum if by then the alkylate, which is one of the main

raw materials, is manufactured in the country.

Another area in which your Company has taken the lead in saving foreign exchange is in the chemicals which it requires for its traditional business. Thus, by manufacturing nickel catalyst for its own use as well as for third parties, and by producing aromatic chemicals based on entirely original know-how developed at our Research Centre, imports worth nearly one crore of rupees are being saved every year.

Our research activity is not confined to our own facilities or to our own products. We have for instance sponsored research projects in National Laboratories and helped our suppliers to cut costs and improved the quality of their products with the object of reducing our dependence on imports.

Exports

The long-standing adverse balance of payments has been a major problem for the last 15 years and, besides import substitution, increasing exports is an important feature of the country's economic policy. In response to this your Company had built up, prior to devaluation, a substantial export business based largely on the export of high quality refined edible oils and vanaspati tailored to meet the needs of the importing countries. After devaluation such exports were banned, leading overnight to an almost total collapse of our exports. We had to begin building up a new export business from scratch and in 1970, we again reached the respectable figure of Rs 4.8 crores. In doing so we have widened the range of exports to include non-traditional items and entered new markets. Using our familiar marketing techniques we have begun the sale of Hima food mixes to people of Indian origin overseas. We recently sent a substantial consignment of synthetic detergent powder to the USSR and hope to do so again this year.

Agro-Industries and Agricultural Extension

If the recent success with high yielding varieties of wheat could be extended to other cereals, especially rice, the day of self-sufficiency in foodgrains will not be far away. This has brought into even sharper focus the growing scarcity of indigenous fats and proteins, the other two major components of a balanced diet. In addition to finding substitutes for the traditional oils as mentioned earlier, we have succeeded by our own extension efforts and through the Vanaspati Manufacturers' Association, in stimulating the introduction of better seeds and improved agronomic practices for growing groundnuts, the nation's most important oil seed, in many parts of the country. By developing techniques which have enabled us to become one of the largest users of cottonseed oil in vanaspati, we have encouraged the diversion of cottonseed from its uneconomic use as a cattle feed, to oil crushing and extraction.

Through our international associates we have access to unrivalled knowledge and experience of modern palm oil plantations which if applied in suitable soil and temperature conditions can produce very high yields of oil per acre.

Such conditions are believed to exist in the Andaman islands and we have offered to place at Government's disposal the expertise to set up and run a plantation there. Immediate and urgent action both by the Centre and the States is however required if the output of indigenous vegetable oils is to increase at a pace which will allow supply to catch up with demand. The recent suggestion that Government should appoint a National Commission for Oils and Fats to suggest the means by which this can be done deserves serious consideration.

Turning to the problem of proteins, amongst the best and most widely acceptable sources of proteins in India are milk, eggs and poultry. We have helped to stimulate milk production in the Etah district of UP by setting up a dairy to provide a steady outlet for the surplus milk in the area and by bringing in good quality buffaloes to improve the quality of the herds.

We have also played a major role in the rapid growth of the organised animal feed industry in India by formulating and supplying dairy herds and poultry farms with high quality feeds backed by expert guidance in the setting up and operation of egg and broiler producing units.

Our agro-industrial activities have gone further. At Ghaziabad we put up the first unit in India using a unique process for dehydrating peas and at the same time helped farmers to improve the yield and quality of their pea crops. In Assam we have taken the initiative in collaborating with the tea estates to cultivate Citronella grass on unused land on a scale which, last year, provided Citronella oil, a hitherto imported essential oil, in commercial quantities.

Management Development

To achieve progress in all these directions your Company had to develop a cadre of managers who were not only professionally competent by international standards, but were also sensitive and responsive to the nation's goals and ideals. It is now becoming widely accepted that the principal obstacle to rapid and healthy economic growth is not so much finance or foreign exchange or even natural resources, but the scarcity of such managers.

We have been privileged to play a small part in the development of such institutions as the Administrative Staff College of India, Institutes of Management and Institutes of Technology. Our contribution takes many forms—ranging from providing funds, to encouraging our senior executives to spend a significant part of their time in a teaching role or serving on the governing bodies of these institutions. A number of students and sometimes faculty members from the Institutes and colleges come to us for short-term training attachments at our offices and factories.

The training of our own managers is supplemented by the free access we have to the facilities available through our international associates. These facilities comprise specialised courses as well as short- and medium-term attachments with associated companies in various parts of the world. As a result we are able to expose our managers to the latest trends in management development. Neither have we neglected training at non-management

levels—over 40 per cent of our managers have risen from the ranks.

Our contribution to professional management outside the Company sometimes takes a more direct form and it is with a sense of pride that we see some of our alumni, if I may call them that, occupying high places in both public and private sector organisations.

The Efficient use of Resources

In order to provide the consumer with the highest value for her money we have, over the last two decades, devoted much attention to the efficient use of resources. To mention a few examples of what we have achieved between 1960 and 1970—distribution costs have been cut from 9.1 per cent to 8.2 per cent of turnover, the number of times in a year our working capital is turned over has increased significantly and the man-hours required to produce a tonne of soap have fallen from 40 to 27. Reductions in the wastage of materials and services and improved by-product recovery have all contributed to cost reduction. We have used the full range of our managerial skills to avoid or delay an increase in selling prices and to conform to Government's policy of keeping a check on inflation.

In spite of all this, price controls which now cover 75 per cent of your Company's products have bitten deeply into our profitability and their effect on margins can be judged by the fact that purchased materials accounted for 72.2 per cent of our income in 1970 as compared to 65.4 per cent in 1961. The pricing formulae that Government have evolved take into account the cost of the major raw material but pay little or no attention to the rises that have taken place in the costs of other inputs, such as chemicals, packing materials, engineering spares, fuel, transport charges, rents and wages. As a result, margins in many of our Company's traditional products are down to wafer-thin levels and their viability is threatened.

Our representations to the Tariff Commission which has recently submitted its report on vanaspathi prices and to the Bureau of Costs & Prices which is examining the cost of soaps will, it is hoped, lead to the adoption of more equitable and sensitive pricing mechanisms. We are not pleading for a "cost plus" type of formula and we do not suggest for a moment that a manufacturer's inefficiencies should be passed on to the consumer. Competition in a free market has been shown time and again to provide the best protection to the consumer. However, if this is not practicable then prices should be such as to leave the manufacturer, who makes efficient use of his resources and makes good quality products, a surplus which is sufficient to pay the shareholder a reasonable dividend, the employees a fair wage and enables the manufacturer to improve his products and techniques, modernise his plant, widen his distribution and invest in Research and Development.

To summarise, I believe it is fair to say that over the last two decades, your Company, while safeguarding the interests of the shareholder, has responded as best as it could to every call that the country's industrial and economic policy has made on it. Even with harsh price controls it has continued to provide its main customer

—the common man—whether he lives in the larger towns or in the smaller villages good quality products which provide value for money.

PROSPECTS FOR THE SEVENTIES

Consumer Products

Our contribution to the Indian economy has been in those areas where we have been able to combine the wealth of knowledge, experience and research that has been made available to us, entirely free of charge, by our associates. Unilever—with our own skills in research and development, production, marketing and distribution. We are fortunate that our associates are a widely diversified business, and in addition to being leaders in the range of products, which we already manufacture, are amongst the foremost companies in the world in such consumer products as frozen food, and processed meats. Whilst today the time may not be opportune to enter these fields because the market for such products may be too small or because current licensing policies may preclude it, we hope that one day we shall be able to play our part in bringing yet another range of quality products to the Indian consumer. We do not share the view held in some quarters that India cannot derive worthwhile benefits from international skill in the creation, production and marketing of good quality and efficient consumer goods which have provided, in many countries, the strongest incentive for better standards of living.

The new Industrial Policy

The industrial policy announced last year seeks to create a wider role for multinational companies, such as yours—a role which may be different to that which such companies have hitherto played in other countries, including the country in which they are based.

This new policy aims at directing the energies of your Company into the core/heavy investment sector of industry which, while it is of vital importance to the economy, is a field where neither we nor our associates have any direct experience. It could be argued that such a policy may tend to create a conglomerate type of corporate structure and by making it difficult for the economy to reap the benefits that flow from specialisation, may not turn out to be in the nation's long-term interest. Be that as it may, we have, as in the past, responded promptly to the new challenge.

Fertiliser Project

Your Company was asked by the Government to consider investing in a fertiliser project and, in particular, to participate in a joint sector venture in the Punjab in partnership with the Punjab State Industrial Development Corporation (PSIDC) to whom a Letter of Intent, it is understood, will be issued shortly. Accordingly, we commissioned a feasibility study by the Mitsui Toatsu Chemical Company of Japan and a market survey by the FACT Engineering and Development Organisation. These studies revealed that, *prima facie* and subject to certain key requirements being met, such a project would be viable and we are at present engaged in discus-

sions with the PSIDC and the Central Government in this regard.

In order to have access to up-to-date technology, both in the construction of the plant and on a continuing basis, it is our intention to associate with the project firms of international repute in the field of fertilisers. We have, we believe, the general skills to manage such a project and, after the gestation period associated with an undertaking of this magnitude, we expect it to provide a satisfactory return on our investment.

Our Existing Businesses

In the meantime the importance of maintaining the viability of your Company by allowing it freedom to grow in its existing businesses cannot be over-emphasised. We are, therefore, also discussing with Government a number of other projects which not only seek such growth, but at the same time fully conform to Government's social and economic objectives in regard to the development of backward areas, co-operation with the small-scale sector, import substitution, etc.

The project which involves co-operation with the small-scale sector is a novel concept and you might find it interesting to hear a few details about it. The proposal we have submitted to Government is to build a factory in a backward area, which, despite its other drawbacks, is well placed in regard to supplies of non-traditional oils such as rice-bran, sal, neem, etc. The factory will convert these and other oils into a semi-processed soap using com-

plex and relatively capital-intensive processes for upgrading these non-traditional oils, and extracting a strategically important by-product—glycerine—of which there is a growing national shortage. This semi-processed material will then be despatched to a number of widely dispersed and independent small-scale units who will process it further, package it to our specifications and return it to us for marketing and distribution.

We propose, subject to obtaining the Government's approval for this project, to provide these small entrepreneurs, free of charge, the know-how required to instal and operate their equipment and to guarantee the offtake of the finished goods. Such a scheme, we believe, will provide an example of how the small- and large-scale sector can perform complementary roles—the large-scale unit undertaking the complex technological and marketing functions which are generally beyond the capacity of the small-scale sector, leaving the latter with the more labour-intensive, but technologically less complex activities in a way which gives the maximum benefit to the economy and conforms to the social objectives of the country.

This is not to suggest that we have not been conscious of these social objectives in the past. Our dairy project, for instance, was located in one of the most backward areas of Uttar Pradesh and is making a significant contribution to raising living standards in its neighbourhood, although the cost to us has been heavy. Likewise,

as a part of our purchasing policy, we are encouraging and giving technical guidance to a large number of small- and medium-scale firms.

Whilst we are thus responding, as promptly and wholeheartedly as in the past, to the social and economic objectives of the new industrial policy, the cost and delays, for instance, of starting up a factory in a backward area cannot be ignored. It would, I believe, be wrong if, in pursuance of the new policy, all growth on the existing factory sites is completely stopped when it is clear that such growth is the quickest and most economical way of increasing production, particularly at a time when there is a growing shortage of your Company's products.

Conclusion

In the final analysis, national growth aims at things that transcend the parameters of output and income. Two decades ago Pandit Jawaharlal Nehru observed that we should seek to improve the quality of life in our society, that our aim should be the making of better men rather than men who are merely better fed and clothed. The quality of life depends upon standards, specifically standards of excellence. May I, again in a spirit of humility, assert that the function of an enterprise like your Company in a developing society is to aim at setting such standards, albeit in the limited spheres of commerce and industry. The standards we have set span a whole host of activities ranging from the quality of the raw materials we are prepared to use to the quality of the product we are hoping to sell, from management practices within the Company to our corporate behaviour *vis-a-vis* the society at large. Such standards have, we believe, significant, if immeasurable, effects on the values of those we meet at the boundaries of our enterprise: our customers, our stockists, and our suppliers, to cite a few.

In one sense, therefore, our activity in the seventies will be no different from what it has been in the past. We believe that this particular function of your Company draws strength from its association with a multi-national corporation. It is this international association that continuously exposes us to new and more challenging standards of excellence. In the relatively narrow view of the statute books, we may be a foreign company. But, from a larger point of view, the label is misleading as most labels are. Your Company is just as much concerned with the welfare of the nation in which it has grown as are enterprises based wholly on indigenous capital. It is this concern which, I believe, emerges out of a social audit of your Company in the sixties; and it is the same concern which will continue to permeate its plans for the future.

Note: This does not purport to be a report of the proceedings of the Annual General Meeting.

REVISED PROCEDURE FOR INCOME TAX ASSESSMENTS

In accordance with the substituted provisions of Section 143(1) of the Income-tax Act, 1961 Income-tax Officers will be free to accept, in a large majority of cases, returns of income, subject only to statutory adjustments to the income declared, without calling tax-payers or their account books and other evidence. If a tax-payer objects to such an assessment, the Income-tax Officer is duty bound to make a fresh assessment after calling upon the tax-payer to appear personally or to produce account books and other evidence.

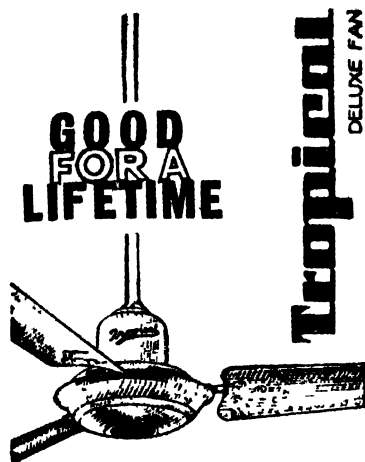
These procedures, with their accent on trust in tax-payers, lean heavily on the completeness and correctness of returns of income. Tax-payers are requested to respond by furnishing correct particulars in the returns of income and ensuring that these are, wherever available, invariably accompanied by a copy of the Manufacturing or Trading Account, the Profit and Loss Account and Balance Sheet.

New assessment procedures aim at expeditious completion of income-tax assessment. To achieve this objective, it is essential that tax-payers furnish their returns of income promptly and voluntarily as required under Section 139(1) of the Income-tax Act, without waiting for a reminder from the Department. Under that Section, returns of income for assessment year 1971-72 are ordinarily due by June 30, 1971, but a tax-payer closing his accounts of business or profession after 31st December, 1970 may file his return within six months from the date of closing the accounts. Tax-payers would be well-advised to comply with the provisions of Section 139(1) to avoid the penal consequences.

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"Nothing can be done without the full support of the people...and I think, only democracy can make them feel involved..." —Indira Gandhi



In an interview with Dr. Gisela Bonn, noted German TV writer, India's Prime Minister Indira Gandhi answered crucial questions on a varied range of subjects—the eventful years of her childhood, her major policies and the broader international issues of peace and co-existence. This interview was shown on German TV and the full transcript was published by GERMAN NEWS. Here are some excerpts:

What do you think are India's most urgent requirements?

The most urgent requirement...is to get rid of this very deep poverty and economic backwardness. It's something that will take a long time, and therefore our method is to try and reduce the disparities between people. So far when we made our programmes we found that although the programmes are meant for everybody, those who had property could take more advantage of them. Therefore they became richer, and this increased the disparity.

Do you think you could achieve these programmes by democracy...?

I am deeply committed to democracy, because nothing can be done without the full support of the people and I think, only democracy can make them feel involved.

When did you become interested in politics and think of a political career?

Well, the two things are quite separate. I think there was no time when I was not interested in politics, but never as a career. There are times in the life of a nation when something has to be done. And when we were not free, you just had to be in the freedom struggle because you couldn't be an artist or a writer or anything properly in that situation. Today the situation is the same. Unless there is peace in the country and a change in society which gives India a place in the modern world which helps her people to make use of new knowledge we can't build the sort of life that any individual would like.

The full text of this interview appeared in GERMAN NEWS, a fortnightly magazine published by the German Embassy in New Delhi. If you are interested to receive the GERMAN NEWS regularly, please fill in and mail the coupon to: Embassy of the Federal Republic of Germany, P.O. Box 813, New Delhi.

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SPEECH delivered by Chairman Shri N. R. Swamy at the Fifteenth Annual General Meeting of the Company held on Friday the 7th May 1971

GENTLEMEN

I take pleasure in welcoming you all to this Fifteenth Annual General Meeting of your Company. The Directors' Report and audited Statement of Accounts have been in your hands for quite some time now and with your permission I shall take them as read.

STC

You would have noticed from the Directors' Report that during the year un-

der review sales of goods distributed by your Company on behalf of the STC on commission basis was higher by about Rs 28 lacs than the previous year. In spite of increased turnover, commission earned during the year was lower by about Rs 1,33,000 as compared with the previous year. This is due to the fact that under the new agreement the basis of calculating the commission is different.

In line with the present Government policy of canalising more and more items of chemicals and allied products through STC I hope your Company will receive larger allocations of Chemicals and allied

products for distribution. The working of your Company so far during 1971 has been quite satisfactory.

You would have observed from the Directors' Report that during the year 1970 your Company have been appointed as one of the agents of the STC-IRMAC (Industrial Raw Materials Assistance Centre) scheme. Though the remuneration has been fixed low, we will have the satisfaction of serving the actual users/licence holders by making available goods at a much lower c.i.f. value as a result of bulk purchases and for small consumers, the additional advantage of offering goods ex godown.

Other Agency Business

During the year 1970 your Company had been able to sell 100 tonnes more of J. K. Hydrosulphite of Soda and 50 tonnes more of Jekolite as compared with the previous year. As you are well aware the current market conditions are not encouraging for increased offtake, but we are doing our best to increase our sales.

As stated in my last year's speech, sales of fine chemicals manufactured by Dr. Paul Lohmann (India) Ltd, Calcutta were not satisfactory. Therefore, we have stopped handling their products.

Finance

Our financial position during the year under review was quite satisfactory. Your Company have made satisfactory arrangement with your bankers for additional funds as and when required.

As proposed and decided at the last Annual General Meeting, during the year under review your Directors have allotted 992 equity shares of Rs 500 each as bonus shares by capitalising an amount of Rs 4,96,000 from the General Reserve thus increasing the paid-up capital from Rs 9,92,000 to Rs 14,88,000. Your Directors have also recommended dividend at 15 per cent i.e. Rs 75 per share on the increased paid-up capital of Rs 14,88,000.

On behalf of the Board and myself I wish to convey thanks to the President and members of the Managing Committee of the Chemical and Alkali Merchants' Association for the valuable advice and help given by them.

Gentlemen, on behalf of all of you and my own behalf, I convey my grateful thanks to my colleagues on the Board and to the members of the Staff for their honest and efficient service to the Company. Your Directors have been pleased to pay to the members of the staff bonus equivalent to four months' salary.

With these observations I move—

"That the Directors' Report and audited Balance Sheet and Profit and Loss Account for the year ending 31-12-1970 are read and adopted."

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BALANCE SHEETS

NEW HIGH IN EXPORTS

Pfizer pays more

PPFIZER Ltd (Chairman and Managing Director: Mr S. V. Pillai, Bombay) has achieved better working results for the year ended November 30, 1970. Sales have gone up to Rs 17.3 crores from Rs 16.4 crores in the previous year. The gross profit was Rs 4.6 crores (Rs 4.4 crores). The net profit, after providing for depreciation and taxation, amounted to Rs 1.5 crores (Rs 1.7 crores). The dividend has been stepped up by one per cent to 25 per cent.

The company's gross profit margin works out to 26.4 per cent against 27.1 per cent. The ratio of net profit to net worth comes to 15.3 per cent (18.7 per cent).

During the year under review, the productivity of the Thana unit increased and the plant today is fully equipped to meet the growing demand for the wide range of products marketed by the company. The company's manufacturing plant at Chandigarh operated to capacity. The production yields of broad spectrum antibiotics from this plant has increased as a result of process efficiencies and other technological improvements achieved by scientists. An intensive programme of process improvement and import substitution work continues.

The costs of identical products manufactured in other countries are significantly lower than those manufactured by the company in India. Pfizer organisations abroad not having manufacturing facilities can therefore obtain their requirements at

(In lakhs of rupees)

	For the year ended 30th November			
	1970	1969	1968	1967
Total earnings	18,09.31	16,91.87	13,18.29	14,46.79
Sales including				
excise duty	17,34.41	16,37.04	14,00.21	13,67.51
Other income	20.84	13.60	8.93	9.60
Stock adjustment (of				
finished goods)	+4.48	+40.73	-90.85	+70.68
Opening	154.99	114.26	205.11	125.43
Closing	203.05	154.99	114.26	205.11
Total expenses	18,50.67	12,46.84	145.44	10,35.33
Materials and stores	624.49	594.03	440.24	562.84
Salaries and wages	327.31	299.94	266.40	218.17
Excise duty	107.20	108.36	67.13	85.70
Other expenses	291.07	218.01	171.67	165.62
Gross profit	458.04	441.53	372.85	414.40
Depreciation	89.18	31.77	23.00	10.89
Profit before tax	419.46	412.76	349.25	397.57
Taxation	263.86	239.10	193.16	245.30
Profit after tax	155.60	173.66	156.09	152.27
Write-backs	..	12.82	6.18	3.15
Prior year tax	..	..	..	..
adjustments	-5.80	+1.00	..	..
Development rebate	3.40	16.00	21.60	5.75
Other reserves	47.09	70.34	61.46	81.45
Ordinary dividend	90.66	95.68	70.10	70.36
(25%)	(24%)	(21.7%)	(27.5%)	
Carry forward	0.09	0.05	0.05	0.05
Market prices of				
ordinary shares				
(in rupees):	1970	1969	1968	1967
High	42.00	46.50	53.00	36.25
Low	34.50	34.25	32.25	30.00

much cheaper prices from those locations than from India. However, the foreign associates have accommodated the company by accepting its high cost products much to their commercial disadvantage

at export prices which left the company with good profit margins. Due to the active assistance of its associates abroad, the company's exports have reached a new high of Rs 64 lakhs in 1970 as against Rs 24 lakhs in 1969. These exports have not only contributed to the country's foreign exchange earnings but also to the growth in profits of the company.

Tata Mills

WITH higher sales for the year ended December 31, 1970 at Rs 12.2 crores against Rs 11 crores in the previous year, the gross profit of the Tata Mills Ltd (Chairman: Mr Naval H. Tata, Bombay)

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	1261.30	1106.64	982.17	837.79
Sales including				
excise duty	1219.76	10,99.71	982.02	805.76
Other income	6.42	3.29	5.78	6.47
Stock adjustment (of				
finished goods)	+85.12	+3.64	-6.53	+26.56
Opening	238.21	234.67	241.10	216.54
Closing	279.85	238.21	234.67	241.10
Total expenses	11,79.25	10,35.94	995.99	835.60
Materials and stores	504.27	490.41	463.86	366.19
Salaries and wages	283.57	254.14	241.16	218.18
Excise duty	160.00	127.42	138.07	116.61
Other expenses	181.42	163.97	152.90	139.67
Gross profit	82.04	70.70	-13.82	2.19
Depreciation	67.50	68.07	..	..
Managing agency	..	0.50	0.50	0.50
remuneration	..	..	..	..
Profit before tax	14.54	1.23	-14.32	1.69
Taxation	..	..	..	1.70
Profit after tax	14.54	1.23	-14.32	-0.01
Withdrawals from				
reserves and				
write-backs	7.17	2.85	2.85	0.74
Dividends:				
Preference	2.85	2.85	2.85	0.74
Ordinary	5.77	..	..	..
(6%)	(6%)	..	..	..
Carry forward	0.05	-13.04	-14.27	0.05
Market prices of				
ordinary shares				
(in rupees):	1970	1969	1968	1967
High	43.50	40.00	33.00	35.25
Low	28.50	25.00	23.00	28.50

rose to Rs 82 lakhs from Rs 71 lakhs. The net profit, after depreciation, amounted to Rs 14 lakhs (Rs one lakh). The ordinary dividend for the year was 6 per cent (nil).

The company's gross profit margin works out to 6.7 per cent against 6.4 per cent. The ratio of net profit to net worth comes to 6.1 per cent (0.5 per cent).

Exports during the year under review amounted to Rs 39 lakhs (Rs 33 lakhs). Second-hand combers, draw frames, cards, a roto coner winding machine and a stenter were installed during the year. A new sectional warping machine a 3-chamber float dryer and a garnett machine for the non-woven plant were also installed. Plant and equipment of the total value of Rs 18 lakhs was installed during the year.

The value of works under construction and machinery received at the mills but awaiting installation towards the end of the year was Rs 11 lakhs. Further orders have been placed for machinery of the value of about Rs 1.50 lakhs after the close of the

year. There was a considerable increase in the production of non-wovens, mainly due to commissioning of the garnett machine. Quilting and other interlinings were introduced in the market. During the year sales of non-woven lappings increased substantially.

Svadeshi Mills

THE Svadeshi Mills Co Ltd (Chairman and Managing Director: Mr Naval H. Tata Bombay) has improved its sales for the year ended December 31, 1970 to Rs 12.1 crores from Rs 10.3 crores in the previous year. The gross profit was Rs 85 lakhs (Rs 71 lakhs). The net profit, after depreciation and taxation, amounted to Rs 24 lakhs (Rs 13 lakhs). The ordinary dividend has been stepped up to 12 per cent from 9 per cent.

The company's gross profit margin works out to 7 per cent against 6.8 per cent. The ratio of net profit to net worth comes to 8.6 per cent (4.8 per cent).

Exports for the year were remarkably higher at Rs 70 lakhs (Rs 41 lakhs). Plant and equipment worth Rs 8 lakhs installed

In the market

Swadeshi Polytex

SWADESHI Polytex Ltd (Registered Office: KH-257, Kavinagar, Ghaziabad, UP) is offering for public subscription at par 16.5 lakh ordinary shares of Rs 10 each of the total value of Rs 1.65 crores and 1.1 lakh 9½ per cent redeemable cumulative preference shares of Rs 100 each of the total value of Rs 1.10 crores. Application for the shares must be the minimum of 50 for the equity and five for the preference shares. The entire issue has been underwritten. The subscription list will open on May 25 and close on May 31 or earlier at the discretion of the directors but not before May 27.

The company, which has been promoted by the Swadeshi Cotton Mills Co Ltd, Kanpur, was incorporated on March 21, 1970. It will manufacture, process and sell synthetic fibres, organic and inorganic heavy chemicals, fine chemicals, dyestuffs and resins. It has obtained an industrial licence for the manufacture of 6,100 tonnes per annum of polyester fibre. The plant is to be set up in Ghaziabad. It has entered into an agreement with Vickers-Zimmer AG, Frankfurt, West Germany for the purchase of machinery, equipment and technical know-how. The total cost of the project is estimated at Rs 12.72 crores which will be met by the equity share capital of Rs 3.30 crores, preference share capital of Rs 1.10 crores, term loans/debentures of Rs 6.49 crores, cash credit facilities from banks of Rs 1.65 crores and UPSIC deferred credit on land of Rs 18 lakhs. The total foreign exchange cost (including insurance and freight) is estimated at Rs 2.29 crores.

during the year comprised mainly machinery for continuous dyeing, a float dryer, washing and chemicking machine, shell and tube heat exchanger, valentine cop changers and a switch board. The value of works under construction and machinery

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	1212.90	1080.08	1087.20	1011.67
Sales including excise duty	1214.77	1085.85	1014.67	1006.43
Other income	17.29	14.96	14.19	16.08
Stock adjustment (of finished goods)	-19.16	+29.27	+58.34	-10.84
Opening	296.57	267.30	208.96	219.80
Closing	277.41	296.57	267.30	208.96
Total expenses	1125.22	1009.25	1041.66	915.11
Materials and stores	521.39	455.53	472.50	385.12
Salaries and wages	264.41	247.42	245.21	214.79
Excise duty	166.47	139.26	166.73	171.35
Other expenses	165.95	167.04	157.22	143.85
Gross profit	84.68	70.83	45.54	95.56
Depreciation	35.02	39.91	43.07	35.44
Managing agency remuneration	..	2.76	0.50	4.62
Profit before tax	49.66	28.16	1.97	55.50
Taxation	25.00	15.00	..	29.00
Profit after tax	24.66	13.16	1.97	27.50
Withdrawals from reserves and write-backs	..	1.41	17.48	..
Development rebate	3.80	2.55	7.55	5.25
Other reserves	4.71	..	..	5.06
Dividends:				
Preference	1.07	1.07	1.07	1.07
Ordinary	14.52	10.89	10.89	16.17
(12%)	(9%)	(9%)	(9%)	(14%)
Carry forward	0.02	0.06	..	0.07
Market prices of ordinary shares (in rupees):				
High	181.00	195.00	176.00	186.50
Low	150.00	154.00	146.00	161.00

received at the mills but awaiting installation by the close of the year was Rs 13,000 nearly. Further orders have been placed for machinery of the value of about Rs 3 lakhs after the close of the year.

The garment factory at Madras showed fair progress in the year under review. Its sales were 2.40 lakh shirts valued at Rs 47 lakhs. The products, marketed under the trade name "Cordel" are mainly shirts and bush shirts, of cotton and synthetic varieties, in a price range of Rs 16 to Rs 60 per garment.

Vysya Bank

The Vysya Bank Ltd (Chairman: Mr M. R. Arya, Bangalore) has earned a net profit of Rs 7.38 lakhs for the year

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total income	83.05	66.22	52.23	44.68
Interest and discount earned	68.17	54.59	42.52	36.99
Commission and exchange	10.17	8.02	6.26	4.99
Other income	4.71	3.61	3.45	2.70
Total expenditure	74.78	61.67	48.97	42.56
Interest paid	39.25	33.62	26.11	23.00
Staff expenses	25.11	20.14	17.05	14.63
Other expenses	9.37	7.91	5.81	4.98
Depreciation	0.94	0.78	0.67	0.57
Net profit	7.38	3.79	2.69	1.55
Reserve and other funds	4.50	2.55	1.60	1.02
Bonus to staff	1.30	0.15	0.07	..
Dividend	1.52	1.11	0.90	0.60
(10%)	(9%)	(7%)	(6%)	(5%)
Carry forward	0.09	0.08	0.05	0.05

As on 31st December

	1970	1969	1968	1967
Paid-up capital	15.74	18.80	12.00	12.00
Reserves	14.55	10.05	7.60	6.55
Deposits	915.28	829.75	674.82	562.18
Advances	627.72	494.77	410.19	300.20
Investments	260.28	211.07	187.18	157.72
Cash	125.79	203.80	166.90	149.11
Balance sheet total	1123.42	908.75	802.94	676.54
Ratio to deposits of:				
Advances	65.6	59.6	60.9	53.4
Investments	28.4	25.4	25.3	25.1
Cash	13.7	24.6	28.2	26.5

ended December 31, 1970 against Rs 3.79 lakhs in the previous year. The dividend is stepped up by one per cent to 10 per cent payable on the increased capital. The paid-up capital of the company rose to Rs 15.74 lakhs from Rs 13.80 lakhs. Bonus to staff claimed Rs 1.30 lakhs (Rs 0.15 lakhs). An amount of Rs 4.50 lakhs (Rs 2.55 lakhs) has been set aside for reserve and other funds.

Deposits of the bank expanded to Rs 9.1 crores from Rs 8.3 crores. Advances rose to Rs 6.3 crores from Rs 4.9 crores. Investments were higher at Rs 2.6 crores (Rs 2.1 crores).

The ratio of advances to deposits was higher at 68.6 per cent (59.6 per cent) and that of investments to deposits was also higher at 28.4 per cent (25.4 per cent). Ratio of cash to deposits was lower at 13.7 per cent (24.5 per cent). During the year under review, the bank has shown all-round progress in its business. Three branches were opened in the year raising the total to 39.

Pandyan Insurance

TOTAL net premium of Pandyan Insurance Co Ltd (Chairman: Mr M. B. S. Henry, Madurai) for the year ended December 31, 1970, has increased to Rs 48.77 lakhs from Rs 40.03 lakhs in the previous year. The claims ratio in the fire department increased to 42.6 per cent from 39.4 per cent. In the marine department it was halved to 25.8 per cent from 51.1 per cent. In the miscellaneous department the ratio was lower at 54 per cent (59.2 per cent).

The company has earned a net profit of Rs 15.12 lakhs (Rs 8.25 lakhs). The dividend was maintained at 30 per cent. As on December 31, 1970, the insurance funds

stood at Rs 30.18 lakhs (Rs 24.88 lakhs). The reserves were Rs 27 lakhs (Rs 34.40 lakhs),

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Fire				
Net premium	31.70	25.77	21.43	20.36
Commission earned on re-insurance ceded	13.37	12.11	11.23	10.45
Claims	13.50	10.16	9.01	8.44
Commission given on re-insurance accepted	15.81	12.73	11.14	9.70
Commission paid on direct business	1.12	1.83	2.96	2.78
Management and other expenses	8.40	7.28	6.44	5.95
Fire fund	15.85	12.85	11.71	11.18
Underwriting profit or loss	+3.48	+3.73	+2.05	+2.63
Marine				
Net premium	11.59	9.72	9.80	8.21
Commission earned on re-insurance ceded	2.20	2.54	2.10	2.30
Claims	2.09	4.97	4.91	3.71
Commission given on re-insurance accepted	1.64	1.48	1.49	0.91
Commission paid on direct business	0.85	1.22	1.54	1.66
Management and other expenses	4.02	3.64	3.33	3.28
Marine fund	11.59	9.72	9.80	8.21
Underwriting profit or loss	+2.64	+1.05	-0.85	+1.25
Miscellaneous				
Net premium	5.48	4.54	3.62	2.82
Commission earned on re-insurance ceded	1.80	1.06	1.28	1.01
Claims	2.90	2.69	1.48	1.69
Commission on direct business	0.75	0.87	0.72	0.58
Commission given on re-insurance accepted	1.00	0.07	0.77	0.57
Management and other expenses	2.18	1.87	1.87	1.11
Miscellaneous fund	2.74	2.27	1.81	1.41
Underwriting profit or loss	-0.01	-0.35	+0.18	+0.01
Profit and loss account				
Net income from insurance	6.11	4.43	1.37	3.89
Investment and other income	28.43	9.02	11.48	7.19
Expenses not related to any particular department	1.68	1.10	0.96	0.91
Provision for taxation	10.09	3.57	3.10	2.21
Depreciation on investments	1.04	0.62	0.95	0.45
Net profit	15.12	8.25	7.55	7.51
Transfer to reserves	0.10	..	..	..
Withdrawn from reserves	..	6.00	..	..
Ordinary dividend	15.00	15.00	7.50	7.50
(30%)	(30%)	(30%)	(15%)	(15%)
Carry forward	0.11	0.09	0.23	0.18

and the paid-up capital was Rs 50 lakhs (Rs 50 lakhs).

Andhra Bank

The Andhra Bank Ltd, (Chairman Mr K. Gopal Rao) has shown improved working results in 1970 which has made it possible for the Board of Directors to

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recommend a dividend of 7 per cent as against 6 per cent for the preceding year. The deposits increased from Rs 52.31 crores to Rs 65.05 crores—an increase of 24.3 per cent as against an average of 16.38 per cent for the banking system of the country as a whole. The number of depositors increased from 3.32 lakhs to 4.18 lakhs during the year. Bank's advances increased from Rs 35.45 crores to Rs 46.27 crores, representing an increase of 30.52 per cent. Advances to priority sector amounted to Rs 18.64 crores, of this agriculture accounting for Rs 9.85 crores. The number of farmers financed by the bank was 65,000. Advances to small industries increased from Rs 3.69 crores to Rs 7.01 crores. The number of small units assisted was 950. The investments have increased from Rs 15.56 crores to Rs 20.09 crores. The Chairman in his statement to the shareholders has said that as an all-India institution with a strong regional bias, it was the aim and endeavour of the Bank to play an active role in the economic development of Andhra Pradesh despite certain constraints under which it functioned as a non-nationalised Bank. The Bank's survey team had conducted surveys to identify growth centres in six districts of the state where it had been assigned lead bank role jointly with the Indian Bank.

Mim Tea

Proceeds of tea sold by the Mim Tea Co Ltd, Calcutta, for the year ended December 31, 1970 have slightly increased

to Rs 13.22 lakhs from Rs 11.29 lakhs in the previous year. The net profit, after providing Rs 52,315 (Rs 54,817) for depreciation and Rs 31,000 (Rs 16,000) for taxation, amounted to Rs 36,541 (Rs 78,090). The dividend has been maintained at 7½ per cent. The crop of 877 quintals, as compared to 871 quintals in the previous year when there was a 3-week strike during the peak flushing period, was a disappointment and was entirely due to unfavourable weather conditions. The average price secured of Rs 15.24 per kg was Rs 2.01 per kg more than in 1969. But this was offset by the increase in excise duty of Re 1 per kilo and by wage increases. Capital expenditure amounted to Rs 65,281, of which Rs 62,169 was for the construction of 23 labour houses.

Preliminaries

Ahmedabad Kaiser-I-Hind

Total sales of the Ahmedabad Kaiser-I-Hind Mills Co Ltd, Ahmedabad, for the year ended December 31, 1970 rose to Rs 2.89 crores from Rs 2.63 crores in the previous year. The gross profit was Rs 19.26 lakhs (Rs 24.08 lakhs). Depreciation absorbed Rs 12.40 lakhs (Rs 9.57 lakhs) and taxation Rs 40,000 (Rs 1.40 lakhs). The amount set aside for the development rebate was Rs 2.70 lakhs (Rs 1.91 lakhs). The ordinary dividend has been maintained at

15 per cent. The capital expenditure incurred on machinery and building was Rs 14.66 lakhs (Rs 10.35 lakhs).

Permanent Magnets

Sales of Permanent Magnets Ltd, Baroda, for the year ended December 31, 1970 rose to Rs 131.07 lakhs from Rs 90.78 lakhs in the previous year. The sales during the three months ended March 31, 1971 have amounted to Rs 32.99 lakhs as against Rs 22.74 lakhs during the corresponding period in 1970. This includes sales of "Primus" burners and its parts amounting to Rs 1.40 lakhs (Rs 0.90 lakhs).

In the market

Aluminium Industries

THE Aluminium Industries Ltd (Registered Office: No 1 Ceramic Factory Road, Kundara, Kerala) is offering 65,000—8 per cent first mortgage registered debentures of Rs 100 each of the total value of Rs 65 lakhs at par for cash payable in full on application. The holders of the existing debentures of a total value of Rs 13 lakhs have the option to exchange their holdings for an equivalent face value of the debentures of the present issue. The entire issue has been underwritten. The subscription list for the issue will open on May 24 and close on June 4 or earlier at the discretion of the directors but not before June 2. Application must be for a minimum of five debentures or multiples thereof.

This debenture issue is being made for the purpose of meeting repayment obligations partly of medium-term loans and fixed deposits and for the repayment of the residue (Rs 13 lakhs) of an earlier debenture issue of Rs 45 lakhs, that falls due for amortisation in the year and also for augmenting the company's working funds.

Bihar Alloy Steels

BIHAR Alloy Steels Ltd (Registered Office: Hadley House, Old Hazaribagh Road, Ranchi, Bihar) is offering for public subscription at par 36.5 lakh ordinary shares of Rs 10 each of the total value of Rs 3.65 crores and one lakh 9.5 per cent redeemable cumulative preference shares of Rs 100 each of the total value of Rs 1 crore. The entire issue has been underwritten.

The subscription list will open on May 25 and close on May 28 or earlier at the discretion of the directors but not before May 27. Application for shares must be for a minimum of 50 shares or multiples thereof in the case of ordinary shares and five shares or multiples thereof in the case of preference shares.

The company was incorporated on September 27, 1965. The immediate object is to set up, in technical collaboration with Societe des Forges et Ateliers du Creusot of Paris, an alloy and special steels plant at Patratu near Ranchi, Bihar. The licensed capacity of the plant is 36,000 tonnes of constructional steels and 4,000 tonnes of alloy tool steels and high speed tool steels per annum.

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EQUITIES

Easy tendency

BOMBAY, May 19

TAKE-over of the management of general insurance and the Company Affairs Minister, Mr Raghunath Reddy's statement denouncing stock exchange operations induced a feeling of nervousness in a market already held down by Budget uncertainties. Selling was fairly widespread and little support was forthcoming. Corporate reports continued to be excellent but these were lost on the market. The tendency was to sell off while the going was good and await developments.

Market men were sceptical of reasonable compensation in respect of insurance shares. The tendency here too was to sell off but transactions were virtually nil in view of the directive of the stock exchange that dealings had to be on a final payment basis. New India declined sharply from Rs 49.50 to Rs 36 at the time of writing. The decline was sharp even after allowing for a six-rupee dividend. The dividend, 40 per cent, was on enlarged capital following a bonus issue but market men wondered whether in view of nationalisation it would reach the hands of shareholders.

Earlier hopes that the Budget would be good from the stock market angle have yielded to a feeling of doubt and scepticism. Union Ministers have been airing socialist views on income and property while the situation created by the large-scale influx of refugees from West Bengal has added to the financial burden of the Government. In these circumstances, market men fear an addition in the tax on individuals as well as the corporate sector let alone any relief.

Corporate reports have been consistently good. National Rayon, in line with general expectations, proposes to raise its equity dividend for 1970 by four points to Rs 32 a share. The gross profit is up by 8 per cent and sales by 13 per cent. The news was greeted with a smart rise in the quotation on Thursday evening to Rs 531. At the time of writing the scrip was mentioned at Rs 520. Century was subdued almost throughout the week. Kohinoor also turned easy following precautionary liquidation in view of the proximity of dividend.

However, Bombay Oxygen has come out with satisfactory results and the directors have proposed a 2 per cent rise in the dividend at 10 per cent for 1970. New Shorrock, with a 31 per cent rise in its gross profit, proposes to raise the dividend from Rs 20 to Rs 22. Another member of the Mafatlal group, Nocil, has been making satisfactory progress and there has been an impressive rise in sales and gross profit during 1970. Ceat, in the first four months of the current year, has bettered its sales by 15 per cent compared to the corresponding period of last year. But the impressive reports from the corporate front failed to influence the market. Firstly, for quite some time now, the market has been used to this. Secondly, bear factors have been rather too powerful for the market to be sustained by past performance of companies.

THE WEEK'S PRICE RANGE

	Closing quotations 12-5-1971	High	Low	Closing quotations 19-5-1971		Closing quotations 12-5-1971	High	Low	Closing quotations 19-5-1971
FORWARD					Miscellaneous				
Textiles					Textiles				
Ahm. Advance (100)	231 00**	—	—	281 00**	Bombay Burma (25)	46 00**	46 00	4 25	46 75**
Bombay Dyeing (25)	187 00**	—	—	187 00**	Hindustan Motors (10)	45 75**	—	—	45 50**
Central India (50)	38 75**	38 75	37 75	38 00**	Indian Copper (2 1/2)	12 64**	12 60	1 21	12 24**
Century (100)	39 00**	—	—	39 00**	Premier Automobiles (100)	14 58**	9 92	8 84	14 58**
Dawn (50)	44 50**	—	—	44 50**	Pre (construction) (50)	4 08**	—	—	4 08**
Elphinstone (50)	45 50**	—	—	45 50**	Salvapur (10)	58 00**	54 50	52 50	58 00**
Finlay (100)	870 00**	876 50	865 50	875 00**	Sirpur Paper (10)	55 50**	—	—	55 50**
Gokak (100)	889 00**	—	—	889 00**	Tata Oil (25)	130 00**	120 00	115 00	130 00**
Gwallor Rayon (10)	70 50**	60 00	57 00	78 50**	W. Coast Paper (100)	176 00**	222 00	214 50	176 00**
India United Ord (10)	24 50**	—	—	21 52**	Wimco (100)	6 75**	151 50	151 00	6 75**
Khatia (100)	31 00**	—	—	31 00**	CASH				
Kohinoor (100)	163 00**	163 00	161 00	162 00**	Textiles				
Morjee (100)	156 30**	157 00	156 50	150 00**	Baroda Rayon (100)	120 00	119 00	117 00	120 00
National Rayon (100)	150 00**	157 00	156 50	150 00**	Bradbury (50)	17 00	—	—	17 00
Phoenix (100)	120 00**	120 00	119 00	120 00**	Century Enka (100)	341 25	342 50	340 00	342 50
Podar (10)	10 00**	—	—	10 00**	Gold Mohur (100)	151 00	78 00	71 00	151 00
Shreeenivas (100)	126 00**	—	—	126 00**	Indian Rayon (100)	77 00	88 00	80 00	77 00
Simplex (50)	149 00**	108 00	104 00	149 00**	Lakshmi Vishnu (100)	88 00	392 50	387 50	88 00
Standard (100)	653 50**	672 00	652 00	666 80**	Mafatlal (100)	89 00	10 08	—	10 08
Svadeshi (100)	150 00**	142 00	139 00	140 00**	Modella Woollen (10)	10 08	—	—	10 08
Swan (100)	138 00**	—	—	137 00**	Raghuvanshi (100)	92 50	—	—	92 50
Tata Mills (25)	30 50**	30 50	28 50	34 50**	Raymond Woollen (10)	20 00	—	—	20 00
Electric					Shree Ram (100)	84 00	—	—	84 00
Ahmedabad (100)	101 00**	101 50	100 50	101 00**	Viscose (100)	170 00	180 00	174 00	177 00
Andhra Valley (100)	107 50**	155 50	148 00	107 50**	Western India (250)	188 75	—	—	188 75
B. Suburban (100)	141 00**	121 00	120 50	141 00**	Insurance				
Tata Hydro (100)	140 50**	160 50	147 00	140 50**	British India (10)	17 52	—	—	17 52
Tata Power (100)	141 75**	154 00	147 50	141 75**	Indian Mercantile (50)	77 00	—	—	77 00
Steel					New Great (25)	39 50	—	—	39 50
Indian Iron (10)	12 04**	12 00	11 72	11 80**	New India (15)	49 50	49 25	36 00	49 50
Mukand (10)	15 92**	19 00	18 78	15 92**	Vulcan (10)	15 12	—	—	15 12
Tata Steel (75)	101 75**	102 25	101 25	101 75**	Electric				
Engineering					Amalgamated (10)	10 00	10 08	10 00	10 08
Alcock (100)	44 50**	—	—	44 50**	Murat (100)	126 50	—	—	126 50
Cooper (100)	48 00**	63 50	60 00	48 00**	Cement				
Larsen & Toubro (10)	23 78**	24 12	23 78	23 78**	Mysore Cement (10)	17 40	—	—	17 40
Tata Eng. & Loco (100)	241 50**	248 50	240 00	241 50**	Saurashtra Cement (100)	181 00	182 50	180 00	180 00
SLM-Maneklal (100)	261 25**	262 50	261 25	262 50**	Paper				
Voltaas (100)	221 00**	222 00	219 50	221 00**	Andhra Paper (100) (old)	186 00	—	—	186 00
Dyes & Chems.					Amul Hardboards (100)	72 50	—	—	72 50
Amar Dye-Chem. (100)	237 50**	235 00	227 50	237 50**	Jayant Paper (100)	140 00	140 00	135 00	140 00
Indian Dyesstuff (100)	332 00**	327 00	319 00	332 00**	Kohit (100)	117 00	—	—	117 00
Polychem (50)	134 00**	138 00	134 00	134 00**	Steel Metals				
Tata Chemicals (10)	30 25**	81 50	80 50	30 25**	Alloys	—	—	—	—
Shipping					Ferro Alloys (100)	95 00	103 00	101 00	102 00
Great Eastern (10)	38 50**	38 25	38 00	38 50**	Hind Aluminium (10)	38 00	37 75	36 50	36 50
Scindia (20)	20 50**	20 50	20 20	20 50**	Khandewal Ferro (100)	152 00	152 00	150 00	152 00
Cement					Engineering				
A.C.C. (100)	134 75**	134 50	138 00	134 75**	Associated Bearings (100)	219 00	219 00	207 00	204 00
Oriana (10)	150 00**	18 40	18 28	150 00**	Hind Tractors (100)	80 50	—	—	80 50
Shree Digvijay (100)	138 00**	164 00	153 00	138 00**	Jyoti (100)	125 00	—	—	125 00
Sugar					Kriekar Oils (10)	15 12	15 00	14 00	14 00
Belapur (50)	84 50**	84 50	78 00	84 50**	Mahindra (10)	14 52	14 52	14 24	14 48
Maharashtra (50)	95 00**	95 00	93 00	95 00**	New Standard (100)	104 00	104 00	102 00	103 00
Phaltan (50)	70 00**	—	—	70 00**	Sandvik Asia (100)	303 00	—	—	303 00
Walchandnagar (100)	65 00**	66 00	65 00	65 00**	T. Maneklal (100)	395 00	390 00	390 00	390 00
Chemicals					Zarith Steel (100)	19 24	19 24	18 80	18 80
Bayer (India) (100)	257 00	258 00	254 00	257 00	Cables & Elec.				
Chem & Fibres (10)	210 00	210 00	208 25	210 00	Asian Cables (100)	80 00	81 00	79 00	79 00
Colours (India) (100)	210 00	210 00	208 25	210 00	Crompton Greaves (100)	210 25	—	—	210 25
Org. Org. (100)	210 00	210 00	208 25	210 00	Mahendra Elec (100)	119 00	—	—	119 00
Pilzer (10)	210 00	210 00	208 25	210 00	Standard Batteries (100)	212 50	—	—	212 50
Polythene Ind (100)	210 00	210 00	208 25	210 00	Chemicals				
Sandoz (10)	198 00	198 00	187 00	198 00	Bayer (India) (100)	257 00	258 00	254 00	254 00
Synthetic (100)	198 00	198 00	187 00	198 00	Chem & Fibres (10)	210 00	210 00	208 25	210 00
Miscellaneous					Colours (India) (100)	210 00	210 00	208 25	210 00
Campbell & Allied (100)	243 00	—	—	243 00	Org. Org. (100)	210 00	210 00	208 25	210 00
Chem & Fibres (100)	243 00	—	—	243 00	Pilzer (10)	210 00	210 00	208 25	210 00
Fibre Glass (10)	243 00	—	—	243 00	Polythene Ind (100)	210 00	210 00	208 25	210 00
Ganman India (10)	243 00	—	—	243 00	Sandoz (10)	198 00	198 00	187 00	198 00
Hindustan I v s (10)	21 78	21 78	21 40	21 78	Synthetic (100)	198 00	198 00	187 00	198 00
Killick Newton (100)	482 50	480 00	450 00	482 50	Miscellaneous				
Motors India (100)	160 00	—	—	160 00	Campbell & Allied (100)	243 00	—	—	243 00
P. Magnetics (100)	160 00	—	—	160 00	Chem & Fibres (100)	243 00	—	—	243 00
W. B. Brady (160)	160 00	—	—	160 00	Fibre Glass (10)	21 78	21 78	21 40	21 78

* Ex-dividend. † On-right. ‡ Ex-right. ** Business for Hand Delivery. †† Squaring up deals.
Note: Figures within brackets indicate the paid-up value of shares.
Wherever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

COMMODITIES

Thin trading in spot cotton

BOMBAY, May 19

Generally steady to firm trading conditions prevailed in the spot cotton market during the past week. But the volume of business transacted remained thin. The limitation of deals was mainly due to the stringent monetary conditions during the week, as in previous weeks. Most of the mills tended to confine their buying to stray lots of one or two varieties, the prices of which, in consequence, showed modest gains while other varieties, neglected by the spinners, ruled steady.

During the week the sad plight of the farmers, following the sharp fall in prices all round during the last few weeks, was highlighted by the Cotton Development Council. It is the Council's contention that even now "the prevailing prices are not favourable to them and if we allow them to dip further, the farmers will be seriously hit." In this connection, the Chair-

man of the Council said that auctions of good lots of *kapas* had to be postponed recently in Hubli and Gadag as proper prices were not offered. Reports from Vidharbha and Khandesh indicate accumulation of *kapas* and the consequent plight of the farmers. The unsold stocks are estimated around 50,000 bales.

The following has been the price trend of some of the leading varieties:

(Rs per candy)

	For the week ended May 19	For the week ended May 12
Khandesh	2,100	2,100
Berar AK	1,800-2,100	2,100
Digvijay Dabhoi	2,900	2,881
Berar L. 147	2,400	2,400
Manavdar Co 2	2,600	2,550

In the import section also, as in indigenous cotton, little business materialised for want of adequate funds with the importers and the mills. Some of the mills who, in desperation, approached the Cotton Corporation of India with the suggestion that it should carry cotton on behalf of the mills were told that the CCI itself was not having enough funds.

On the export front, very little business of note was reported. Japanese inquiries tended to be indifferent as the buyers there seem to be biding their time in expectation of a possible devaluation of the Pakistani rupee when perhaps they could get equivalent cotton from Karachi at more attractive prices. Cotton registered for export as on May 8 amounted to 150,328 bales against 191,144 bales in the corresponding date last year.

YARNS IMPROVE

BOMBAY, May 19

An improvement in the prices of yarns characterised trading in the yarns market during the past week. Art silk yarns gained further ground during the week following slack arrivals from mills and improved demand from upcountry centres. Staple fibre yarns were quietly steady. Cotton yarns were neglected.

In the art silk yarns section, 150D National Rayon improved by 42 paise to Rs 17 37 120D spured by 86 paise to Rs 19 60. 150D Bright Century gathered 42 paise to Rs 17 37 120D strengthened by 68 paise to Rs 19 42. 100D Bright South India picked up 56 paise to Rs 22 18. Staple fibre yarns (2 x 34 nF) spot Kiran was fully maintained at last week's level of Rs 11 24.

JUTE GOODS PICK UP

CALCUTTA, May 18

After a bearish start, prices of both jute goods and raw jute picked up and excepting sacking all others closed higher on balance during the past week. Thus, B twills opened at Rs 265, and receded to Rs 260 75, but after recovering to Rs 262 50 closed at Rs 260 50. Hessian 40' 10" gave way from Rs 95 to Rs 94 but gained to Rs 97 50 to finish the week at Rs 96. As the week was coming to a close, sentiment was aided by the announcement of a bullish statistical position. For, although the April output of mills was higher at 94,800 tonnes as against 83,700 tonnes in the previous month—this position revealed that mills made a substantial headway towards realising the monthly target of one lakh tonnes—stock of goods with mills at the end of the last month was lower at 95,700 tonnes against 95,900 tonnes. The decline was only 200 tonnes, but satisfaction was derived inasmuch as the higher output did not inflate the mills' godowns.

The continued difficulty in getting export contracts registered in the Jute Commissioner's office caused concern, and if these were not settled immediately, a West African loader would be denied the booked cargo of 2,800 bales of gunnies. The news that burlap consumption in the US was higher at 49 million yards against 43 million yards in the earlier month and that March-end inventories disclosed a substantial erosion of 11 million yards to 135 million yards aided sentiment for a while, but the absence of any worthwhile interest shown on behalf of US buyers strengthened fears of the unlikelihood of exports in this year making up for the poor performance of 1970, when jute goods exports touched an all-time low of 539,000 tonnes. Carpet-backing cloth fully shared in this declining trend for the first time, and the export of this construction was only 138,000 tonnes as against 219,000 tonnes in 1969.

The announcement of higher production in April coupled with the programme of mills to raise production to one lakh tonnes a month reversed the declining trend in raw jute to help prices to close higher on balance. Thus, Assam bottoms rose from Rs 57 to Rs 59 50 per maund, northern bottoms from Rs 55 to Rs 57 50, and Daisee bottoms from Rs 58 50 to Rs 60 50. Sellers were reserved while mills showed interest. The rising trend encouraged the strong among the stockists who were keen buyers. Fibre arrivals were only 25,000 maunds per day as against 35,000 maunds a week ago.

GROUNDNUTS BEARISH

BOMBAY, May 19

Informed circles in the market consider the long-term outlook for groundnuts and groundnut oil as bearish. At around Rs 4,200 per ton

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oil finds little support. The main reason is that supplies of soyabean oil would be quite adequate in the months to come. It was said that two steamers together discharged only the other day about 20,000 tonnes of soya oil and that 35,000 tonnes would be shipped in May and 27,000 tonnes in June.

The Government of India is understood to have applied for 150,000 tonnes during the US fiscal year (July 1971-June 1972) and it is also believed that with the reported stoppage of supplies to Pakistan, a further quantity of 50,000 tonnes may become available to India any time between July and October.

Groundnut extractions were dull. UK was quoting £42.50 for May/June, £43.25 for July/August/September and £45.50 for October/December shipments. Japan was quoting 90 dollars on 1 p.p.m. aflatoxin basis. East European countries did not seem interested.

Linseeds and castor were steady having rallied from their low levels. But with overseas inquiries being few and far between the market is not likely to register noticeable gains. On the contrary the chances are more for a setback than a rise in prices. The supply position of mutton tallow has also been good and during the last few weeks India is reported to have received about 40,000 tonnes thereby inducing a bear trend in Mahuwa, rice bran oils and copra oils.

Comparative prices in rupees were:

Item	12-5-1971	19-5-1971
Castor June ..	126.25	129.12
Castor September ..	..	130.75
Linseeds July ..	155.25	160.50
G. Nuts Khandesh ..	182.00	178.00
G. Nut oil ..	41.00	41.50
Castor Madras Small ..	131.00	132.00
Castor Comm. oil ..	28.50	28.00
Castor B.S.S. oil ..	31.25	30.75
Linseeds Bold ..	151.00	158.00
Linseed oil ..	34.25	35.00

NEW TEA IN DEMAND

CALCUTTA, May 18

For the second week in succession, there was much less general demand during the export sale held on May 10. An occurrence of excessive rain in the tea districts may hold up the commencement of shipment of consignment teas to London, but there are enough stocks in the UK. Although the resumption of shipment of tea from Bangladesh was believed to be taking place most of the gardens are in disarray, and Ceylon's prospects for meeting a good portion of West Pakistan's requirements of low-medium teas estimated at 30 million kg, are rated high.

At last week's sale, leaf offerings totalled 10,790 chests, of which only 1,344 chests were old season's teas. The internal sale had on offer 3,430 chests, including 1,310 chests of old teas. Demand, especially for the new teas, was good. Orthodox varieties were in keen demand. Plain CTCs were firm, and other varieties recorded a dearer tendency, but the soft liquorings were difficult of sale. In both the above sales, no quotations were given in view of inadequate quantity.

FOODGRAINS RISE

BOMBAY, May 18

In the local foodgrains market, the prices of foodgrains generally moved up. In cereals, the prices of wheat (Pissi) firmed up by Rs 2 to Rs 83-87 per quintal on account of heavy demand of about 5,000 bags per day. The daily arrivals of wheat were slightly below the requirement. The arrivals were mainly from Gujarat and Khandesh regions. The prices of bajra at Rs 68-75 per quintal showed a rather sharp rise of Rs 6 owing to the inadequate supplies. The upcountry advices of bajra were also ruling at a higher level. Maize at Rs 64 per quintal continued to rule more or less steady. The demand was moderate. In pulses, the prices of gram (Punjab) moved up nominally by a rupee to Rs 85-87 per quintal. The arrivals from producing centres were generally satisfactory.

SUGAR DROPS

BOMBAY, May 18

In the local sugar market, the prices of sugar (C-30), at 202-204 per quintal recorded a fall of about Rs 5 during the past week. This was mainly due to the increased pace of arrivals and a fall in demand at a higher level. Further,

the traders expect a larger sugar quota for the month, which will be announced in a couple of days. The State Government has already announced the allotment of more sugar for marriage purposes. The current prices of sugar are higher by about Rs 23 per quintal than the level a year ago. Closing stocks of sugar were estimated at 1,500 bags.

FOODGRAINS MIXED

HAPUR, May 17

Mixed trend prevailed in foodgrains during the past week. While prices of average wheat were subdued and were being lifted mainly by government agents around procurement prices at Rs 74 to Rs 76 per quintal, superior farm quality prices hardened due to good outside buying support gram, barley and bejhar prices improved due to poor arrivals in the face of good demand but prices of maize and bajra drifted lower as demand was almost dormant. Heavy duststorm accompanied by rains and hailstorm in some areas have very much adversely affected wheat crop still in threshing yards.

While wheat average is quoted around procurement prices at Rs 74 to Rs 76 per quintal, superior farm wheat is now being lifted at Rs 80 to Rs 81.50 a quintal mostly for upcountries including Bihar and Delhi. Red Mexican quality continued to be quoted at Rs 70 a quintal.

SUGAR MOVES BOTH WAYS

HAPUR, May 17

Sugar prices moved in a narrow range during the past week. Although the demand for summer season and marriage requirements was fairly brisk but the supply position was easy. Mills were reported hesitant sellers on reports that duty is likely to be enhanced in the new budget. Sugar production is coming to a close. The production by the end of March at 31.10 lakh tonnes was slightly higher from the corresponding last year's production at 30.83 lakh tonnes and closing stocks with factories on March 31 was about 31.86 lakh tonnes against 28.13 lakh tonnes on the same date of the last season. Sugar in wholesale was now quoted at Rs 179 to Rs 194 a quintal according to quality.

METALS HARDEN

CALCUTTA, May 18

A hardening trend in prices of non-ferrous scrap was again a feature of the base metal market in the past week. Although the import policy is growth-oriented, zinc and lead prices maintained the gains, since the addition of these two items to the list of items to be exclusively handled by the Minerals and Metals Trading Corporation, was depleting the readily available supplies in the market. Industrial demand for

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scrap was good. Fears that the Union Finance Minister would not be kind to the non-ferrous metals processing industry continued to cause concern. However, having regard to the fact that crude copper is already attracting excise duty/customs duty at the high rate of Rs 1,500 per tonne, industry circles had renewed their representation to free semis from the levy of a second excise.

It was announced that the MMTC proposed to import Rs 300 lakhs worth of copper wire bars and brass ingots and Rs 30 lakhs worth of pig lead for shipment in May/June. Although in respect of copper scrap this report had an effect in as much as utensil copper scrap eased from Rs 1,360 per 100 kg to Rs 1,350, virgin lead hardened from Rs 455 to Rs 458.

BULLION STRONG

BOMBAY, May 19

A strong sentiment in the prices of bullion was the feature of trading in the local market during the week under review. Silver which ruled strong last week gained further ground during the week due to slack arrivals in the wake of increased offlike. Strong upcountry demand also pushed up prices. The recent seizure of silver meant for smuggling also aided the strong sentiment. Standard gold was in limelight during the week and touched high peaks. The paucity of

floating stocks was the main factor behind this rise in prices.

Silver (996 fineness) began 50 paise higher at Rs 586 and improved in the subsequent sessions. It moved still higher and closed the week at Rs 595.25 today, with a net gain of Rs 9.75 over the week. Silver weekly delivery was mentioned at between Rs 585 and Rs 590. The weekly average arrivals and offtake of silver aggregated 45 bars and 10 bars respectively.

Primary gold in unofficial trading commenced at last week's close to Rs 190 but improved in the latter sessions. It moved still higher in the subsequent sessions and wound up the week at Rs 196 today, the net gain over the week being Rs 6. Standard gold also commenced at last week's closing rate of Rs 203 and improved higher subsequently. It touched the highest level of Rs 209.50 today, before closing at that level of Rs 209.50. The net gain over the week was Rs 13.50. Sovereign was fully maintained at Rs 174.

MONEY COMFORTABLE

BOMBAY, May 19

Comfortable conditions prevailed in Bombay's short-term money market in the past week. The call rate ruled at 5-1/2 per cent. In Calcutta, renewals and fresh were both effected at 5 per

cent. In Madras, the call rate ruled at 5 1/2 per cent.

During the week ended May 7, foreign exchange reserves of the Reserve Bank of India rose by Rs 4 crores to Rs 373.19 crores. While foreign securities increased by Rs 10 crores to Rs 303.42 crores, balances held abroad came down by Rs 6 crores to Rs 69.77 crores. Notes in circulation expanded by Rs 70.21 crores to Rs 4,401.16 crores. Deposits of scheduled commercial banks with the Reserve Bank of India declined to Rs 192.71 crores from Rs 215.32 crores.

Week ended May 7 marked a rise of Rs 27.41 crores at Rs 4,686.44 crores in the total credit made available by scheduled commercial banks. Aggregate deposits rose to Rs 5,992.28 crores from Rs 5,971.84 crores. Borrowings from Reserve Bank were higher at Rs 205.45 crores (Rs 190.68 crores).

Notices

ORISSA CEMENT LIMITED

Registered Office:

RAJGANGPUR (Orissa State)

THE TWENTY-FIRST ANNUAL General Meeting of the Shareholders of the Company will be held at Rajgangpur in the Company's Guest House on Tuesday, the 29th June, 1971 at 11.30 a.m. Notices of the Meeting setting out the Agenda, etc are being sent to the Shareholders by post.

The Register of Members of the Company will remain closed from 3rd June, 1971 to 29th June, 1971, both days inclusive. The dividend for the year 1970 when declared, will be payable to those Shareholders whose names would appear in the Register of Members on 29th June, 1971.

By Order of the Board

P. T. HINDUJA
Secretary

NEW DELHI
12th May, 1971

TEXTILE MACHINERY CORPORATION LIMITED

NOTICE IS HEREBY GIVEN THAT THE Thirty-first Annual General Meeting of TEXTILE MACHINERY CORPORATION LIMITED will be held on Monday, the 28th June, 1971 at 4 p.m. at the Registered Office of the Company at Belgharia, Calcutta-56 to transact the following business:

- 1 To receive and consider the Report of the Directors and to adopt the Audited Accounts of the Company for the year ended 31st December, 1970.
- 2 To appoint Directors in place of Shri D. N. Kapur and Shri D. P. Goenk who retire by rotation and are eligible for re-election.
- 3 To appoint Auditors and fix their remuneration.

The Register of Members of the Company will remain closed from 19th June 1971 to 28th June, 1971, both days inclusive.

By Order of the Board,
O. P. JHUNJHUNWALA
Secretary

BELGHARIA,
13th May, 1971

N.B. (1) A Member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member.

8 p.m. and all is well!

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NATIONAL ORGANIC CHEMICAL INDUSTRIES LIMITED

Registered Office:
Sandoz House, Dr. Annie Besant Road,
Worli, BOMBAY-18 (WB)

NOTICE

THE TENTH ANNUAL GENERAL MEETING of the members of National Organic Chemical Industries Limited will be held at the Tata Auditorium, Bombay House, Bruce Street, Bombay-1 on Friday, the 11th day of June, 1971 at 4.00 p.m. to transact the following business:

1. To receive, consider and adopt the Directors' Report and audited Profit and Loss Account for the year ended 31st December, 1970 and the Balance Sheet of the Company as at that date.
2. To appoint a Director in place of Mr Arvind N. Mafatlal, who retires by rotation under Article 145 of the Articles of Association of the Company and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr R. O. Jackson, who retires by rotation under Article 145 of the Articles of Association of the Company, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr N. J. Sutton, who retires by rotation under Article 145 of the Articles of Association of the Company, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board,
For NATIONAL ORGANIC CHEMICAL
INDUSTRIES LIMITED
HARSHAD THAKORE
Secretary

Bombay, Dated 5th May, 1971

NOTE:

A MEMBER ENTITLED TO ATTEND AND TO VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

THE TATA IRON AND STEEL COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN UNDER Section 154 of the Companies Act, 1956, that the Register of Members of the Company will be closed from Tuesday, the 22nd June 1971 to Friday, the 9th July 1971, both days inclusive.

The Transfer Books of the Company will also remain closed for the aforesaid period.

Notice is also hereby given that the dividends for the year ended 31st March 1971, when sanctioned, will be made payable to those shareholders whose names stand on the Register of Members of the Company on Friday, the 9th July 1971.

Dated at Bombay this Seventeenth day of May, 1971.

By Order of the Board of Directors,
(Sd.) S. MOOLGAOKAR
Director.

Registered Office:
Bombay House, 24, BRUCE STREET,
Fort, Bombay-1

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STATISTICS

INDIA'S FOREIGN TRADE

COMMODITY COMPOSITION OF INDIA'S EXPORTS

(Rs. crores)

Items	Sept. 1970	April-September		
		1970	1969	Variation
Jute manufactures	22.51	74.05	107.47	- 33.42
Tea and mate	14.30	48.41	62.13	- 13.72
Iron ore	6.88	46.05	38.66	8.29
Iron and steel items	6.18	43.59	38.65	4.94
Cotton manufactures	6.18	42.59	40.63	1.96
Fruits	3.85	33.73	33.53	0.20
Leather	4.42	32.50	42.69	- 10.19
Feeding stuff for animals	2.47	26.61	19.48	7.13
Tobacco	1.06	24.73	24.63	0.10
Pearls and precious stones	4.40	20.65	22.34	- 1.69
Textile yarn	1.98	18.85	19.49	- 0.64
Crude vegetable materials	2.98	15.29	12.14	3.15
Fish	2.67	14.74	15.56	- 0.82
Coffee	1.74	14.12	16.20	- 2.08
Clothing	2.00	13.97	10.23	3.74
Spices	3.13	13.67	10.06	3.61
Transport equipment	1.97	12.91	7.99	4.92
Metal manufactures	1.91	12.08	12.31	- 0.23
Non electrical machinery	1.48	11.67	10.32	1.35
Crude minerals	1.95	10.79	11.46	- 0.67
Cotton	1.30	8.44	9.16	- 0.72
Art collectors' pieces and antiques	1.96	8.00	6.60	1.31
Floor coverings, tapestries, etc.	1.83	7.60	8.14	- 0.54
Electrical machinery	1.17	6.43	7.09	- 0.66
Non ferrous metals	1.00	4.69	10.75	- 6.06
Crude animal materials	0.91	4.69	7.25	- 2.56
Others	16.11	102.73	93.62	9.11
Total	118.52	674.48	698.67	- 24.19

SOURCE : Government of India, Department of Commercial Intelligence and Statistics, *Monthly Statistics of the Foreign Trade of India*, Vol. I - Exports and Re-exports, September 1970.

DIRECTION OF INDIA'S EXPORTS

(Rs. crores)

Country	1969-70		Sept. 1970	April-September		
	Amount	Per cent to total		1970	1969	Variation
Japan	179.32	12.7	12.25	96.05	80.16	15.89
USA	237.58	16.9	19.78	93.92	122.65	- 28.73
USSR	176.24	12.5	15.38	91.46	91.11	0.35
UK	164.24	11.7	12.02	67.33	88.78	- 21.45
UAR	34.63	2.5	2.96	20.63	15.40	5.13
Yugoslavia	33.98	2.4	1.87	17.69	17.00	0.69
W. Germany	29.76	2.1	3.08	15.65	12.96	2.69
Canada	26.33	1.9	3.66	13.73	14.31	- 0.58
Iran	23.98	1.7	1.92	13.21	11.99	1.22
Czechoslovakia	30.07	2.1	1.41	13.13	16.86	- 3.73
Sudan	25.63	1.8	1.38	12.97	13.22	- 0.25
GDR	19.85	1.4	2.35	12.78	7.26	5.53
Australia	20.02	1.4	2.83	12.39	10.92	1.47
Nepal	24.40	1.7	2.23	11.64	11.17	0.47
Poland	27.28	1.9	1.58	11.63	12.81	- 1.18
Belgium	21.29	1.5	1.36	10.14	9.19	0.95
Burma	24.74	1.8	2.29	9.61	13.32	- 3.71
Hong Kong	20.83	1.5	0.83	9.01	9.67	- 0.66
France	12.84	0.9	1.90	8.42	6.85	1.57
Hungary	21.70	1.6	1.19	7.77	11.05	- 3.28
Singapore	9.40	0.7	0.65	7.43	4.19	3.24
Saudi Arabia	13.82	1.0	1.33	6.91	6.66	0.25
Netherlands	14.99	1.1	0.80	6.89	5.80	1.09
Kuwait	11.15	0.8	1.65	6.76	5.10	1.66
Italy	16.81	1.2	1.05	6.72	8.11	- 1.39
Romania	12.91	0.9	0.63	5.74	7.06	- 1.32
Malaysia	9.80	0.7	1.48	4.93	4.43	0.50
Kenya	8.24	0.6	2.05	4.77	4.08	0.69
Switzerland	7.74	0.5	0.52	4.04	3.55	0.49
Bulgaria	7.59	0.5	1.00	3.63	3.53	0.10
Qatar	6.65	0.5	1.08	3.41	4.45	- 1.04
S. Yemen	9.88	0.7	0.35	3.16	4.61	- 1.45
Others	6.76	0.5	0.30	2.56	3.24	- 0.68
Total	118.19	8.4	13.36	58.47	57.19	1.27
Total	1,408.64	100.0	118.52	674.48	698.67	- 24.20

SOURCE : Government of India, Department of Commercial Intelligence and Statistics, *Monthly Statistics of the Foreign Trade of India*, Vol. I - Exports and Re-exports, September 1970.

COMMODITY COMPOSITION OF INDIA'S IMPORTS

(Rs. crores)

Items	Sept. 1970	April-September		
		1970	1969	Variation
Non-electrical machinery	18.40	135.32	144.64	- 9.32
Wheat	12.05	80.44	103.92	- 23.48
Cotton	11.11	65.76	42.02	23.74
Iron and steel items	10.12	63.79	36.61	27.18
Petroleum products	10.17	63.39	66.41	- 3.02
Non-ferrous metals	9.02	56.08	53.70	2.38
Chemicals	4.36	34.95	28.56	6.39
Electrical machinery	4.73	34.60	29.55	5.05
Fertilisers	6.69	26.08	35.73	- 8.75
Fruits	3.58	23.36	17.00	6.36
Transport equipments	2.99	22.47	22.09	0.38
Animal and vegetable oil and fats	2.66	16.27	16.81	- 0.54
Scientific instruments, etc.	3.59	14.05	8.48	5.57
Pearls and precious stones	0.90	11.93	13.83	- 1.90
Wool and animal hair	2.03	11.61	9.28	2.33
Paper and paper board	1.88	11.07	12.13	- 1.06
Rice	1.84	10.99	43.51	- 32.52
Chemical products	1.28	9.08	7.09	1.99
Sulphur	0.45	6.80	4.38	2.42
Pulp and waste paper	1.49	6.25	6.93	- 0.68
Cereals	0.85	5.50	15.45	- 9.95
Metal manufactures	0.53	4.28	3.85	0.43
Hides and skins	0.10	0.89	0.92	- 0.03
Other commodities	19.94	84.10	84.96	- 10.86
Total	130.76	799.96	807.85	- 7.89

SOURCE : Government of India, Department of Commercial Intelligence and Statistics, *Monthly Statistics of Foreign Trade of India*, Vol. II, Imports, September 1970.

DIRECTION OF INDIA'S IMPORTS

(Rs. crores)

Country	1969-70		Sept. 1970	April-September		
	Amount	Per cent to total		1970	1969	Variation
USA	459.96	29.3	38.62	235.83	255.23	- 19.40
Canada	73.89	4.7	16.05	55.53	34.16	21.37
USSR	170.40	10.9	8.71	53.79	91.75	- 37.96
UK	100.38	6.4	7.16	52.51	51.55	0.96
W. Germany	83.73	5.3	6.02	50.71	37.59	13.12
Iran	83.43	5.3	7.26	42.64	43.17	- 0.53
Japan	66.82	4.3	6.27	38.70	33.17	5.53
UAR	23.76	1.5	4.20	28.96	15.02	13.94
Australia	31.28	2.0	3.08	22.33	15.22	7.11
Italy	39.60	2.5	2.12	17.03	19.48	- 2.45
Zambia	20.31	1.3	2.33	12.71	7.74	4.97
Czechoslovakia	22.98	1.5	2.32	11.61	12.23	- 0.62
Congo (Kinshasa)	16.31	1.0	1.23	11.19	5.11	6.08
Tanzania	15.48	1.0	1.35	11.07	10.14	0.93
Poland	22.46	1.4	1.49	10.85	11.14	- 0.29
GDR	24.32	1.6	0.75	9.68	9.45	0.23
Saudi Arabia	17.49	1.1	1.18	8.83	6.07	2.76
Romania	9.12	0.6	0.84	8.57	3.52	5.05
France	23.24	1.5	1.60	7.50	13.99	- 6.49
Hungary	17.17	1.1	0.62	7.39	10.19	- 2.80
Sudan	27.22	1.7	0.15	7.27	9.10	- 1.83
Nepal	14.40	0.9	1.11	6.28	8.33	- 2.05
Netherlands	15.68	1.0	1.09	6.24	8.78	- 2.49
Uganda	4.84	0.3	1.83	6.14	3.42	2.72
Switzerland	11.02	0.7	0.69	5.94	5.57	0.37
Morocco	3.16	0.2	1.52	5.00	1.84	3.16
Bulgaria	8.78	0.6	0.91	4.44	3.86	0.58
Kenya	4.53	0.3	0.44	3.94	2.28	1.66
Sweden	10.43	0.7	0.81	3.71	4.76	- 1.05
Belgium	8.09	0.5	0.33	3.55	3.59	- 0.04
Yugoslavia	6.17	0.4	0.21	3.13	3.17	- 0.04
Burma	20.15	1.3	0.04	2.83	17.58	- 14.75
Argentina	0.28	Neg.	0.02	2.74	0.16	2.58
Others	110.61	7.1	8.61	41.32	50.04	- 8.72
Total	1,567.49	100.0	130.76	799.96	807.85	- 7.89

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	7-5-1971	30-4-1971	8-5-1970
Issue Department			
Notes held in Banking Department ..	10 16	4 15	21 23
Notes in circulation ..	4 101 16	4 330 9	1 011 82
Total notes issued ..	4 411 32	4 335 10	1 073 0
Gold coin and bullion ..	182 51	182 53	182 63
Foreign securities ..	303 17	291 42	306 42
Rupee coin ..	42 46	46 21	6 1
Government of India rupee securities ..	3,882 91	3,812 91	3,437 60
Banking Department			
Deposits of Central Government ..	103 91	225 44	91 97
Deposits of State Governments ..	1 25	4 56	7 82
Deposits of Scheduled Commercial Banks ..	19 71	215 32	172 16
Deposits of Scheduled State Co-operative Banks ..	9 40	10 37	8 46
Deposits of Non-Scheduled State Co-operative Banks ..	0 80	0 80	0 63
Deposits of other banks ..	0 33	0 37	0 21
Other Deposits ..	7 03	78 74	11 9
Other liabilities ..	730 37	680 62	603 0
Total liabilities or assets ..	1,113 83	1,225 11	1,001 00
Notes and coins ..	10 22	4 23	23 12
Balances held abroad ..	69 77	70 77	106 20
Loans and advances to—			
(i) Central Government ..	—	—	—
(ii) State Governments ..	3,8 08	42 14	180 62
Loans and advances to Scheduled Commercial Banks ..	205 4	190 68	276 71
Loans and advances to State Co-operative Banks ..	262 82	266 90	244 70
Other loans and advances ..	36 7	35 30	9 2
Bills purchased and discounted ..	33 47	32 82	11 16
Investments ..	67 51	112 38	91 71
Other assets ..	4 91	49 00	50 1

Note: The gold reserves of Issue Department are valued at Rs 53 58 per 10 grams upto January 31, 1969 and at Rs 84 39 per 10 grams thereafter

COST OF LIVING INDEX : 1970-71 (Base: 1960=100)

Centre	Industrial workers			Urban non manual employees		
	Dec.	Jan.	Feb.	Oct.	Nov.	Dec.
Ahmedabad ..	177	179	179	173	172	171
Ajmer ..	184	183	N.A.	170	170	169
Alwaye ..	197	199	192	(a)	(c)	(a)
Amritsar ..	194	191	N.A.	192	188	187
Bangalore ..	190	190	188	174	176	176
Bombay ..	183	181	182	171	171	168
Calcutta ..	18	177	175	17	174	171
Delhi ..	202	203	20	176	174	173
Digboi ..	195	190	185	(a)	(a)	(a)
Gwalior ..	180	189	189	19	192	18
Hyderabad ..	191	189	186	176	177	177
Jamshedpur ..	181	178	177	(a)	(a)	(a)
Kanpur ..	180	189	N.A.	181	179	176
Madras ..	174	173	172	178	180	181
Nagpur ..	191	188	185	171	170	168
Patna ..	(a)	(a)	(a)	194	194	191
Samthalpur ..	184	185	N.A.	180	180	176
Shillong ..	(a)	(a)	(a)	171	172	166
Srinagar ..	172	174	N.A.	185	186	187
Trivandrum ..	(a)	(a)	(a)	180	181	182
Yamunanagar ..	192	193	N.A.	(a)	(a)	(a)
All India ..	186	184	184	177	177	175
All India (corresponding month of 1969) ..	177	177	177	168	167	165

(a) The original source of data does not cover this centre.

MONEY RATES*

	1971			1970
	May 7	Apr. 30	Apr 23	May 5
Reserve Bank of India (Bank Rate)	6	6	6	5
Selected Major Scheduled Commercial Banks†				
Call money from Banks:				
Bombay ..	6 00	6 00	6 00	6 73
Calcutta ..		5 56	5 75	6 79
Madras ..		6 00		7 04

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.
† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	7-5-1971	30-4-1971	8-5-1970
For the week ended (Friday)			
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	115 74	147 39	121 97
(ii) From others ..	2 612 63	2 6 60	211 86
(b) Borrowings from banks ..	31 67	31 64	7 78
(c) Others ..	1 7 27	155 96	1 6 10
2. Time liabilities—			
(a) Time deposits—			
(i) From banks ..	20 49	31 06	32 88
(ii) From others ..	3,359 65	3,321 25	2,361 14
(b) Borrowings from banks ..	8 40	9 25	6 51
(c) Others ..	4 71	43 67	20 30
3. Aggregate deposits (1) (a) + (2) (a) (u)	5,992 28	5,971 84	5,103 31
4. Borrowings from Reserve Bank ..	205 45	190 68	279 35
(a) Against usance bills and/or promissory notes ..	102 72	103 96	92 85
(b) Others ..	102 73	86 72	186 50
5. Borrowings from State Bank and/or a notified Bank and the State Government ..	48 97	48 12	50 89
6. Cash ..	16 71	165 37	146 73
7. Balances with Reserve Bank ..	204 24	197 50	174 34
8. Cash and balances with Reserve Bank ..	369 95	362 87	321 07
9. 8 as per cent of 3 ..	6 17	6 08	6 29
10. Balance with other banks in current account ..	7 41	68 70	53 37
11. Money at call and short notice ..	2 36	30 93	40 56
12. Investments in Government securities ..	1 8 11	1 350 89	1,182 67
13. 12 as per cent of 3 ..	22 66	22 77	23 17
14. Advances—			
(a) Loans, cash credits and over drafts ..	3,72 93	3,691 53	3,398 59
(b) Due from banks ..	31 70	30 01	39 11
15. Inland bills purchased and discounted ..	7 57	760 19	512 93
16. Foreign bills purchased and discounted ..	201 9	207 11	187 84
17. Total Bank Credit (14 (a) + 15 + 16) ..	4,686 14	4,659 03	4,099 66
18. 17 as per cent of 3 ..	78 21	78 02	80 33

MONEY SUPPLY WITH THE PUBLIC

(Rs in crores)

	April 30 1971	Variation over preceding		
		Week	Month	Year
Money Supply with the Public	7 299	— 13	100	770
Currency with the Public	4 504	— 8	81	370
Deposit Money with the Public	2 795	—	16	400
Factors affecting Money Supply				
Net Bank Credit to Government Sector	5 563	17	228	762
Net Bank Credit to Commercial Sector	2 015	— 31	— 107	192
Net Foreign Exchange Assets of Banking Sector	550	—	22	99
Other factors	— 865	—	43	55

RBI INDEX NUMBERS OF SECURITY PRICES

(1961=100)

Group	Week ended		
	5-5-1971	10-4-1971	9-5-1970
Debentures All-India	93 0	93 1	93 6
Preference Shares All-India	85 2	85 6	88 3
Variable Dividend Industrial Securities			
Agricultural and Allied Industries	88 7	88 1	8 1
Mining and Quarrying	54 3	54 4	55 5
Processing and Manufacturing	97 8	97 0	94 9
All India Total	101 0	100 2	97 9
Regional			
Bombay	112 3	113 3	111 1
Calcutta	97 1	95 2	92 0
Madras	88 7	88 0	86 6
Ahmedabad	79 0	80 1	82 3
Delhi	115 6	113 3	119 7

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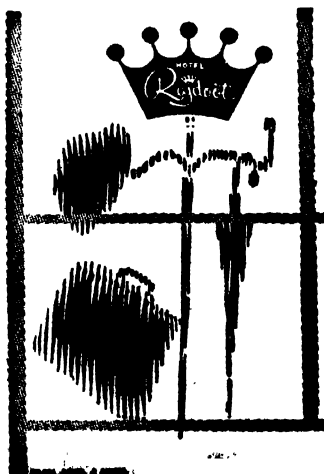
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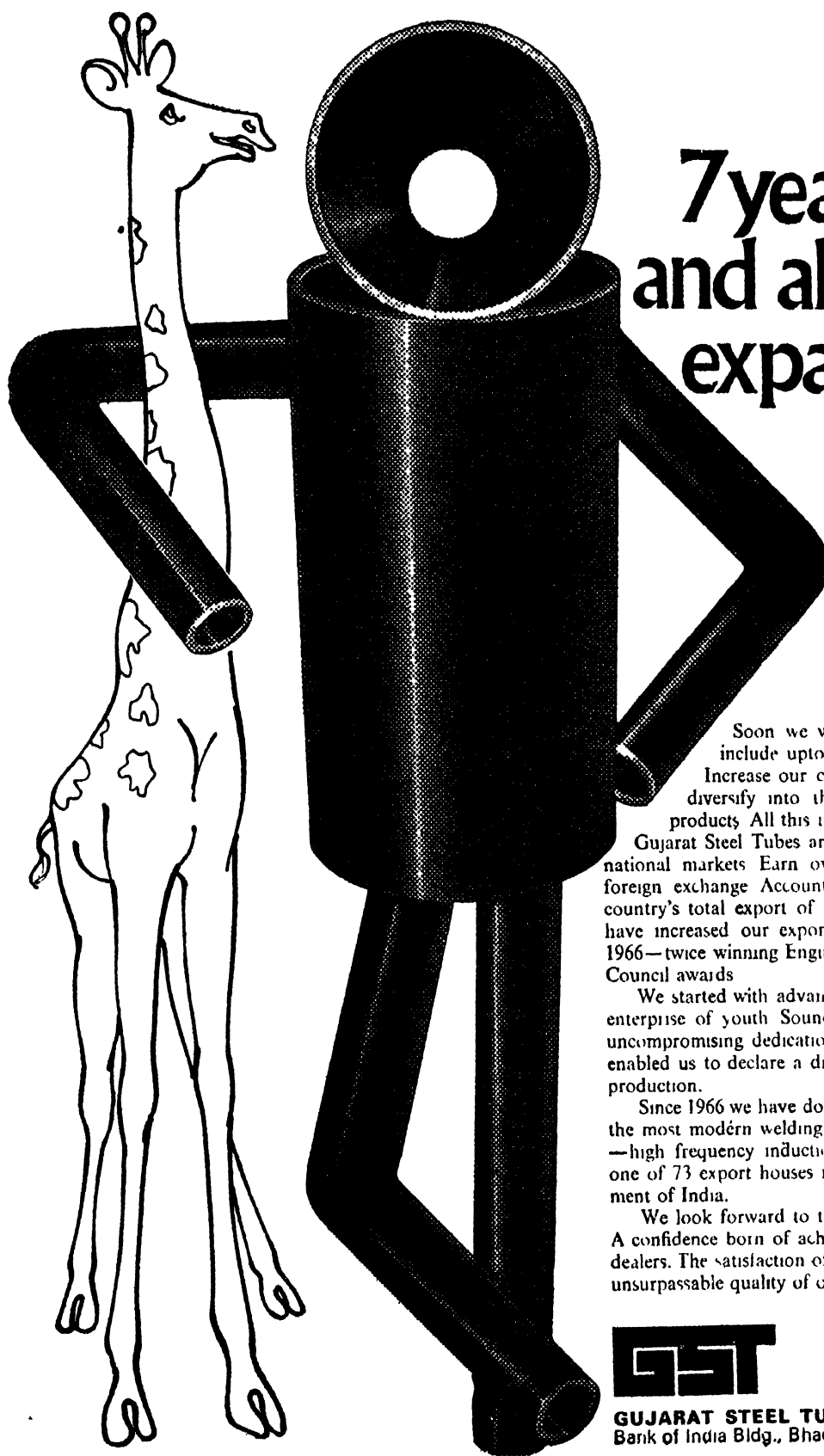
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An ideological budget

IT must be conceded that Mr Y. B. Chavan's first Budget has taken several decisive steps towards redeeming the pledges that the Congress (R) gave to the people during the mid-term poll. Mrs Gandhi's party which received a massive mandate to implement socialist policies to eradicate unemployment and poverty is quite justified in expecting from its Finance Minister a budget in tune with its public pronouncements. Mr Chavan has fully responded to his party's expectations. In doing so he has presented an ideological budget which almost exclusively relies on the public sector. Having said that he was within his rights to implement his party's manifesto, it would be necessary to inquire whether so overwhelming a reliance on so undependable an instrument such as the public sector would serve the cause of growth with social justice.

Mr Chavan himself in his budget speech has confessed that "administrative and procedural delays which hold back progress of these [public] enterprises are... matters of considerable concern." He has also referred to the inability of the public sector to generate reasonable surpluses and to evolve normal industrial relations. So, according to Mr Chavan's budget speech, our public sector is bureaucratic, inefficient in its performance and bedevilled with labour problems. If the Finance Minister's diagnosis about the health of the public sector is accepted, the question arises as

to whether the 1971-72 budget should have burdened this sector with the responsibility of an engine of rapid growth.

No one would say that the private sector is a paragon of efficiency. It so happens that, despite a sizable enlargement of the public sector, the private sector still covers nearly 85 per cent of our economic activity. And yet Mr Chavan has proposed a number of measures which would indicate that New Delhi couldn't care less about the private sector. Purely from the economic point of view such a policy decision is likely to slacken the pace of growth of the economy as a whole. Unconcern for the private sector is particularly pronounced in the sphere of the corporate sector. The increase in the rate of surtax on company profits, withdrawal of development rebate on ships acquired or machinery or plant installed after May 31, 1974, curtailment in tax exemption, shortening of the list of priority industries these are measures that would hamper the growth of the corporate private sector.

There cannot be any quarrel with the broad principles initiated by the Finance Minister that should govern taxation proposals. Simplification and rationalisation of the tax structure, minimising the opportunities for evasion, fair distribution of the burdens of taxation and maintenance of the general level of prices of essential goods are laudable objectives in themselves. If, however, taxation has to serve the larger interests of the economy and the well-

being of the people, some thought has to be given to the cost the community has to pay in order to secure the benefits. If ideological preoccupations result in too heavy a price to be paid for securing normal justice the essence of socialism might be lost. Even a preliminary analysis of the taxation proposals and their impact on the growth of the economy would indicate that in conforming to certain abstract principles practical considerations have not been given due weight.

The budget places the overall tax revenues at Rs 3,403 crores at the existing level of taxation. Fresh proposals for Rs 220 crores would leave the Central tax revenues with Rs 2,730 crores after the States' share of tax revenue is deducted. Non-tax revenues account for another Rs 1,009 crores. Thus the total revenue would be of the order of Rs 3,739 crores. The revenue expenditure would be Rs 3,587 crores, thus leaving a surplus of Rs 152 crores in the revenue budget. On the capital side receipts are put at Rs 2,024 crores and capital disbursements at Rs 2,396 crores, leaving a deficit of Rs 372 crores. Thus, the overall deficit would be Rs 220 crores if the Finance Minister's proposals for additional taxation of Rs 220 crores go through. Mr Chavan has decided to leave this deficit uncovered.

Notable proposals for direct taxation include the increase in the rate of surcharge from 10 per cent to 15 per cent on individuals and Hindu undivided families provided the total income exceeds Rs 15,000 per annum. The incidence of tax on long-term capital gains is increased both on individuals as well as companies. Taxation on slabs of net wealth above Rs 15 lakhs has been raised uniformly to 8 per cent. The first Rs 1 lakh of wealth in the case of all individual assesseees and the first Rs 2 lakhs for Hindu undivided families will be included in net wealth for purposes of taxation. If, however, the net wealth does not exceed Rs 1 lakh in the case of individuals and Rs 2 lakhs in the case of Hindu undivided families, no wealth tax will be levied. The exemption from wealth tax currently available for household or personal jewellery and for shares forming part of initial capital issues is withdrawn and the existing provision in the wealth tax excluding from aggregation the assets transferred by an individual to the spouse or minor children is being done away with. This together with the structural changes affecting the incidence of company taxation already mentioned are expected to yield Rs 27 crores for 1971-72 and Rs 57 crores in a full year after taking into account some concessions proposed. As regards indirect taxation, import duty will now be levied on all items of machinery at the rate of 30 per cent. Certain basic raw materials and non-ferrous metals will be liable to duty at the rate of 40 per cent. Automobile components and dry fruits will now attract an import duty of 100 per cent. The result of all the proposals relating to import duties would be an accrual of Rs 54 crores to the public exchequer during the remaining part of the current financial year. As regards excise duties, medium A and medium B varieties of cotton textiles and superfine and fine cloth will now have to pay additional excise duties. Motor spirit, solvents and some other minor lubricants have been taxed more heavily with a view to conserving scarce foreign exchange. Glassware, tableware and china will attract a uniform duty of 20 per cent. Another item of consumption taxed is toilet soap. Luxury items such as coolers, vacuum flasks, foam sponge, shampoos, lipsticks, pressure cookers and even playing cards have been brought into the net of excise duties. Most notable in the list, however, is agricultural tractor which will be charged a duty of 10 per cent *ad valorem*. The addition to excise duties would be roughly of the order of Rs 89 crores for the Centre and Rs 43 crores for the States for the rest of the current financial year.

As for the expenditure side, special mention must be made of a step-up in the Plan outlay. While presenting his interim budget, the Finance Minister had tentatively placed the current fiscal year's Plan outlay for the Central sector at Rs 1,195 crores, and had hastened to reassure the nation that while presenting the final Budget

he would make every possible effort to increase the allocation. This promise he has now fulfilled by raising the allocation for this purpose by Rs 155 crores to Rs 1,350 crores. In fact, the step-up is larger than what appears at first sight. For the figure of Rs 1,350 crores represents an increase of Rs 300 crores over the actual Plan expenditure under this head in the previous year. This step-up is certainly most welcome. Nevertheless, in this context one cannot but recall the revelation contained in the *Economic Survey 1970-71* a shortfall in the aggregate Plan outlay of the Centre and the States together of the order of Rs 100 crores in 1969-70 and of the same order in 1970-71. Such shortfalls have become so common in this country that one cannot be quite sure as to how far the increase in the Plan outlay budgeted by the Finance Minister would be realised.

Mr Chavan's basic strategy of managing the financial affairs of the country is the same which has been followed during the last 15 years or so. The central feature of Indian financial policy so far has been the heavy reliance on deficit financing. The most disturbing aspect of Mr Chavan's Budget is that even at the very outset it assumes deficit financing of the order of Rs 220 crores. From our past experience we know that such a heavy dose of deficit financing ultimately leads to inflationary price increase.

Another familiar feature of inflation is that it upsets all budgetary calculations. Once budgetary deficits push up prices, the increase in prices leads to unanticipated increases in Government expenditure which, ultimately, tend to enlarge Government deficits. In 1970-71 the Central Government was compelled to grant interim relief to its employees. The single decision added Rs 107 crores to the Government wage bill. It is not sufficiently realised how inflation tends to increase non-developmental expenditure. But it should be easy to see that once deficit financing raises prices it inevitably increases the cost of all the goods and services purchased by the Government.

Once this trend starts, the Government is compelled to cut down its expenditure in some direction or other. As expenditure on non-developmental heads increases there has to be a corresponding cut under developmental heads. Looking up the official data for 1970-71 we find that, due to increases in prices and some related factors, the non-developmental expenditure turned out to be Rs 145 crores more than originally budgeted. No wonder, the developmental expenditure had also to be cut down by Rs 137 crores during that year. It turns out that while Finance Minister after Finance Minister has resorted to excessive deficit financing in the hope that it would enable him to raise the Plan outlay in real terms, most of this effort has been frustrated by the inevitable price increase, with the result that even a bold fiscal effort does not yield the desired results. Thus, in 1970-71 the tax revenues and non-tax revenues of the Central Government were significantly higher than anticipated in the Budget, and yet developmental expenditure turned out to be lower than budgeted. We are afraid that the lessons of the past have not still been learned by the Central Government and the traditional fiscal policy has been continued.

The task of a Finance Minister in a developing democratic society is never enviable. Mr Chavan's responsibility has become more challenging in the context of some unforeseen developments such as the influx of about three million refugees from East Bengal. He has provided Rs 60 crores for the relief of these unfortunate neighbours of ours. This amount may prove to be insufficient if the international community fails to recognise its basic responsibilities. The behaviour of the monsoon is another uncertain factor. In view of all this the Finance Ministry should keep its powder dry for a supplementary budget if the vagaries of nature or the plight of Bangla Desh so warrants. The country will have to accept that burden if need be. But this is all the more reason why the Finance Minister ought not to have opted for such a heavy reliance on ideological dictates. This is the time when all the possible productive strength of the nation is to be alerted and put to maximum use. This is certainly not the time to change the horses.

THE current year is the centenary year of the emergence of modern Japan. Following the restoration of the Meiji Dynasty, the feudal system (Hoken Seido) was abolished in 1871 which saw the beginning of modernisation of Japan. Broadly speaking, the current year is also the centenary year of Indo-Japanese trade ties. India's trade relations with modern Japan commenced in the early seventies of the 19th century.

The basic commodity composition of the trade between the two countries was soon established and it remained unaltered for nearly 70 years until the entry of Japan into the Second World War in 1941. Throughout this period, Indo-Japanese trade centred on Indian raw cotton in exchange for Japanese textiles and cheap consumer goods. With the exception of a few years, throughout this period of 70 years or so, India continued to enjoy favourable trade balance with Japan. After the interregnum of the war and its aftermath began the second phase of Indo-Japanese economic ties. This second phase, which could be broadly described as between 1951 and 1970, saw structural changes in Indo-Japanese trade. In contrast to the first phase, barring a few early years, the second phase saw a chronic deficit in India's trade with Japan. Since 1966-67, however, India has been enjoying increasing surpluses. Planning in India and the far-reaching technological changes in Japan's economy brought about a significant transformation in the commodity composition of trade between the two countries during the post-war period. Instead of Japanese textiles and cheap consumer goods, India now imports mainly machinery, iron and steel, chemicals and fertilisers. These items account for about four-fifths of our total imports from Japan. Similarly, iron ore, iron and steel scrap have emerged as the principal items of Indian exports to Japan. Iron ore accounts for nearly half of our total exports to Japan.

Exports of mineral ores have generated a momentum in our trade with Japan, the like of which was not witnessed any time during our relations of 100 years or so. In 1966-67 our exports to Japan rose by 20 per cent to Rs 108 crores (US \$144 million). In the following year, the growth of exports was as high as 26 per cent and in 1968-69 it again rose by 16 per cent. In 1969-70 this momentum was maintained and our exports to Japan rose by a little over 13 per cent and touched an all-time peak of Rs 180 crores (US \$240 million). As a result of these successive leaps, Japan became our second important export market after the US.

While our exports to Japan registered a phenomenal growth during these four years or so, our imports from Japan nearly halved to Rs 66 crores (US \$88 million) in 1969-70 from Rs 125 crores (US \$167 million) in 1965-66. Between the period 1951-52 and 1969-70 our imports from Japan rose by about 66 per cent while our exports registered an amazing seven-fold rise. During my recent visit to Japan, officials of Japan's powerful Ministry of International Trade and Industry (MITI) repeatedly drew my attention to the large deficit that Japan was having with India. My reply was: "This is a temporary phenomenon created by the sudden and massive

imports of iron ore from India by you. This deficit would be wiped out if we can buy just a few ships from you. The commodity composition of our trade must undergo another change so that Indo-Japanese trade could find a new equilibrium at a much higher plateau."

Because of certain crucial developments in Japan and India it has become inevitable that a new phase in Indo-Japanese relations commences in the beginning of the seventies itself. This phase would not cover aid despite the fact that India has so far received assistance totalling \$575 million from Japan. India topped the list of the nations which received yen aid. But the trend is likely to shift from aid to joint ventures and more trade. In fact, the third phase might be a phase of increased trade through numerous joint ventures. There are objective conditions for such a development.

Japanese planners and businessmen have started thinking about the impact of the growing labour shortage and rising industrial wages in Japan. Industrial wages are rising at the annual rate of about 14 per cent and it is presumed that they would almost double in five years. Japanese wages are said to be three or four times higher than in neighbouring Asian countries. So Government and business have come to the conclusion that their labour-intensive industries would no longer have the advantage they used to have when Japanese labour was both abundant and cheap. It is interesting to note that in 1966 Japan became a net importer of silk and in the following year a net importer of cotton yarn. Her textile exports are declining by 10 per cent every year and other developing countries have now acquired a competitive edge over her in the matter of toys, artificial flowers, low-cost transistor radios, dry cells and rubber products. It is this transformation of international markets which has prompted Japanese leaders to plot the course of their economy for the coming three decades. (Japanese private sector is quite fond of perspective planning. It always thinks ahead for the coming two or three decades.)

In which direction will Japan's economic might be directed? Japan seems to have decided to specialise in highly sophisticated and complex industries during the coming decades. One of Japan's foremost economists, Mr Saburo Okita, has indicated in his new book, *Essays in Japan and Asia*, the coming change in the pattern of Japanese industrial output. While discussing the future of manufacturing industries, Mr Okita has observed: "Labour-intensive light industries will rapidly lose their international competitiveness due to rising wages and will shift from Japan to developing nations. Examples are textile and sundry goods industries. The probability is considerable that camera, transistor radio and even shipbuilding industries may follow suit. Steel and automobiles, which are the principal support for the

INDIA AND JAPAN

The beginning of a third phase

By Vadilal Dagli

present high economic growth rate, may lose a momentum of growth and decrease their shares in the net national product due to a slowdown of demand and increasing difficulties in locating industrial sites for the necessity of preventing public nuisance. Industries in which a big progress is envisaged for the next thirty years might include electronics industries such as computers and communication apparatus and petrochemical industries" (Page 67.)

Japanese industrial giants have already started making structural adjustments in their industrial activities with a view to moving in this direction. The visit of the high-power Mitsubishi mission to India last month should be viewed in the context of this imperceptible transformation of the Japanese economic scene. It is noteworthy that the Mitsubishi mission finalised on the spot negotiations for setting up a joint venture to manufacture ossein which is used for producing films. Three points may be made about this joint venture. First, the entire output of the factory will be exported to Japan. Second, the Indian party will hold about 60 per cent of the shares and Mitsubishi about 40 per cent. And third, the Indian partner of the giant Mitsubishi is a medium-size company. I believe that Mitsubishi's decision to set up a joint venture of this nature marks the third and perhaps the most exciting phase in Indo-Japanese economic relations.

The terms and conditions of this joint venture are likely to be repeated in numerous cases in the coming decade. Political stability in India, relatively cheap skilled labour, the rapid growth of engineering industry and the facility of a modern infrastructure and administration have prompted Japanese industry to explore the possibilities of making India a base for manufacturing not only spares and components for their complex industry but also for producing consumer and engineering goods for exporting to third countries. If the Japanese wind blows over our economic landscape it would be a rejuvenating influence for us in every sense of the term. An Asian country without any natural resource, which could convert herself into an economic giant by sheer strength of discipline, ingenuity and incredible hard work, could always be a good influence to a tradition-bound and slow-moving country such as ours. If Japanese business has grasped the vast potentialities of Indo-Japanese joint ventures, why should the Indian business community adopt a policy of drift? The embassies no doubt have a role to play. But how is it that our industrial houses have offices in London, Zurich and New York, and not in Tokyo? Can they afford to leave the second biggest market for our goods to the mercy of officials? The future of Indo-Japanese co-operation may lie in the awareness of the private sector in India and Japan, and not in the doings of embassies in Delhi and Tokyo. □

MARKET GOSSIP

Budget: Stick, no carrots

MARKET circles are surprised that the Union Finance Minister has shown complete unconcern for the private sector which has been assigned an important role in our Plan programmes. "Almost all carrots are withdrawn and what is now left is the stick", was the typical market comment.

At a time when industrial growth has been stagnant for the past several months, to announce measures which would create an air of despondency among entrepreneurs, would hardly further the cause of industrial growth. The proposal to include in net wealth, for purposes of taxation, the first one lakh of rupees of wealth in case of all individual assesseees, will create considerable hardship for small-scale entrepreneurs whose cause Mrs Gandhi's Government claims to champion. The shortening of the priority list for industry also indicates that the Finance Minister is interested more in the socialist pose than in real growth. The stock markets in Bombay, Calcutta, Madras and Delhi, which initially reacted rather favourably to the Budget, developed nervousness, when the ideological implications of the Budget became clear. The prices, later, slipped back over a wide front.

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Bombay: Industry and trade circles have termed the taxation proposals as "harsh". It is felt that from the long-term point of view the Budget cannot be deemed to be growth-oriented. Measures such as the stepping up of the rates of capital gains, higher surtax on profits of companies, narrowing down of the list of priority industries and the decision to discontinue the development rebate after 1974 would, it is argued, seriously affect the investment climate.

Marketmen had expected certain positive measures to stimulate growth, and the emphasis in the *Economic Survey* on the mobilisation of resources through domestic savings had inspired the hope that the actual saver would be rewarded. Marketmen feel that the Budget has let them down. In fact, the grouse appears to be that even the kind of incentives which were provided in the earlier budgets were absent this time. Thus the exemption from wealth tax currently available for household jewellery and shares forming initial capital issues has been withdrawn. Government spokesmen in the past had sought to discourage investment in jewellery on the plea that the savings should in fact be diverted to industries. But by putting jewellery and shares on the same footing for the purposes of wealth tax the Government, it is complained, was being unfair to the industry.

The reduction from 8 per cent to 5 per cent of the special tax exemption enjoyed by priority industries has given cause for worry to several industries. It was also felt rather unfortunate that the industries such as aluminium, motor trucks and buses,

cement and refractories, soda ash, petrochemicals and automobile ancillaries had been excluded from the priority list. In the context of the statement in the *Economic Survey* that the aluminium and soda ash industries were working to full capacity and that their expansion was urgently called for, the denial of fiscal concessions to them now, it is argued, will hamper the chances of their growth.

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COMMODITY-WISE the Budget proposals were an odd mixture, some hitting the common man and others the rich. Textiles attracted additional excise as was expected. Industry circles can have no quarrel with the Finance Minister on this score. But the rise in the levy on coarse varieties as well as medium "A" and "B" cloth would naturally hit a large majority of the cloth consumers.

Apparently in order not to rub the Government on the wrong side, the representative organisation has refrained from coming out with its reaction, at any rate immediately after the Budget. Textile industry circles are obviously taking a cautious stand in view of the prevailing political situation.

Marketwise, too, there was very little of the customary excitement associated with a Union Budget. Deals were few and far between in most commodities thanks to the continuance of the tight money conditions. The growing tension across the border also acted as a deterrent. The changes in the excise levy in cotton textiles were not reflected in the price situation obtaining at the wholesale level in the Moolji Jetha market. The general pre-Budget rush for some commodities was also conspicuous by its absence.

Before the Budget was out there was considerable speculative activity in the art silk yarn market. But most of the traders were rudely shaken at the absence of any harsh levy on art silk yarn and prices, which had gone up earlier, declined. The 100 per cent rise in the duty on staple fibre was an exception. Inasmuch as staple fibre, among all the synthetic fibres, is the one consumed mostly by small-scale weavers for the manufacture of the poor man's synthetic apparel, the levy has shocked the staple fibre industry. It is felt that the ordinary consumer will be called upon to pay double the price, a factor which will definitely convert staple fibre also into a luxury item, which at present it is not. Whereas staple fibre prices tended to move up after the Budget, viscose and nylon yarn, the prices of which had risen before the Budget, suffered a decline in the post-Budget session.

Garment manufacturers have also been taken by surprise by the Finance Minister's decision to bring them under the excise purview. The significant role that garments have been playing of late in boosting India's textile exports called for

appropriate recognition in the form of incentives. As against this, the better organised units, which have established a reputation for their brands, have been singled out for harsh treatment. How this will help augment the production of garments for the masses—which is the objective of the Government—is not understood. On the other hand, one could visualise a general deterioration in the standards of production following this uncalled-for excise.

In non-ferrous metals, the fear of a rise in import duties occasioned a price rise in copper wire, zinc, lead and tin. The Budget actually provided for a duty at the uniform rate of 40 per cent. The bullion market ruled subdued after an initial mark-up in the price of standard gold on fears of an excise duty.

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Calcutta: The stock exchange typified the reaction of Calcutta's industrial and commercial circles by its initial favourable reaction and then a feeling of bewilderment and uncertainty as the whole gamut of Mr Chavan's taxation proposals gradually unfolded itself. The tax net has been thrown very far and wide. Industrial circles are emphatic that the Budget will be inflationary because of the enhanced excise and import duties. From eastern India's point of view there is little consolation in the fact that the tea and jute industries have not been taxed, but in the case of these industries, particularly tea, some tax relief had been expected. But Mr Chavan has turned a deaf ear to their appeal. Nor is there any hint that investments in West Bengal will be encouraged. On the other hand, it is pointed out that two measures could affect investment prospects adversely. First of all, the advance notice to stop development rebate for industrial plant and machinery newly installed after May 31, 1974, is felt to be discouraging, for the hope that this is being done to accelerate investment in the Fourth Plan is misplaced. Secondly, removing industries like cement refractories and the automobile ancillaries from priority list are seen to affect many units here.

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Madras: Reactions to the Central Budget are mixed. Stock exchange circles here feel that share prices are bound to settle down after the initial reaction caused by the absence of incentives for enterprise or relief for investors. This, it is said, is not likely to help in capital formation. The inflationary impact of the Budget is considered plain enough because of the rise in indirect taxes over a wide field.

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New Delhi: Business circles here feel that the new taxation proposals would have an adverse impact on savings in the household sector and the corporate sector both immediately and in the long run. Nevertheless, on the whole the market has received the Budget favourably. It had expected a much harsher Budget. Market circles now feel they have been let off somewhat leniently. Following the excise duties, proportionate price increases are expected.

BUDGET SUMMARY

A step-up in Plan outlay

New Delhi, May 28

PRESENTING the General Budget for 1971-72 to Parliament today, the Finance Minister, Mr Y. B. Chavan, disclosed that the overall budgetary gap, taking revenue and capital accounts together, would now be Rs 397 crores.

Referring to his commitment to step up the Plan outlay which he had made when he presented the interim budget last March, Mr Chavan stated that it was proposed to increase the outlay under the Central Plan by Rs 155 crores—from Rs 1,195 crores envisaged in the interim budget to Rs 1,350 crores. In terms of actual expenditure, this would represent an increase of more than Rs 300 crores over the previous year.

Speaking of the tragedy in East Bengal as one of the darkest episodes in human history, he said he had tentatively made a provision of Rs 60 crores for relief to evacuees. Rs 20 crores were expected to accrue to the Budget on revenue account by way of external assistance. Mr Chavan said it was the Government's hope and endeavour that all these unfortunate people would be able soon to return to their homes and hearths in dignity and honour. 'Meanwhile we regard it as the responsibility of the international community to share with us the burden involved.' Mr Chavan expressed the hope that substantial supplies from abroad would be available for providing relief.

Reaffirming the Government's resolve to create more employment opportunities, Mr Chavan disclosed that a further sum of Rs 25 crores was being set aside for schemes, specially designed to suit the educated unemployed, including engineers and technicians. This would be in addition to the provision of Rs 50 crores made in the interim budget for the crash programme for rural employment.

Giving the revised estimates for 1970-71 Mr Chavan said that according to the latest indications, the overall deficit would be Rs 270 crores—Rs 40 crores more than the interim budget estimates. The Finance Minister recalled the concern he had then expressed about the State Governments' overdrafts with the Reserve Bank of India. This tendency, he said, had shown no signs of abatement, and at the end of last March as many as 14 States had overdrafts aggregating to Rs 260 crores. This was despite the increased special assistance of Rs 195 crores to the States during 1970-71. Mr Chavan appealed to the States to maximise their efforts to raise additional resources and to enforce the strictest discipline on the growth of non-Plan expenditure.

The major sectors in which the Central Plan outlay is to be significantly raised are Agriculture Rs 32 crores; food procurement Rs 18 crores; shipping Rs 16 crores; ports Rs 13 crores; roads Rs 10 crores; mines and metals Rs 9 crores; health and family planning Rs 12 crores; and post and telegraphs Rs 11 crores.

The interim budget had already provided Rs 785 crores towards Central assist-

ance for the Plans of the States and the Union Territories an increase of Rs 74 crores over the Budget for 1970-71. The provision for a nutrition programme for children is being raised from Rs 4 crores to Rs 10 crores and is being included in the Plan. Mr Chavan also disclosed that 25 per cent of fresh admissions to public schools would be reserved for meritorious candidates who would be given Government scholarships.

Summing up the overall budgetary picture for 1971-72, Mr Chavan said that on revenue account receipts are likely to be Rs 3,562 crores and expenditure Rs 3,587 crores. This would leave a deficit of Rs 25 crores as against the interim budget estimate of a revenue surplus of Rs 114 crores.

On capital account total receipts are now placed at Rs 2,024 crores as against an expenditure of Rs 2,396 crores—a deficit of Rs 372 crores, Rs 18 crores more than the one shown in the interim budget.

The overall budgetary gap would be Rs 397 crores after taking into account the revenue expected from the changes recently announced in railway fares and freight and the changes proposed in the post and telegraph tariff.

Mr Chavan referred to the recent general election and said that the Government had received from the people a massive mandate for socialism and for rapid economic growth matched by increased social justice. A good deal had already been done to initiate measures for creating gainful work for the urban unemployed as well as the rural under-employed and the Government intended to do much more in future. Faster growth and greater social justice could be achieved only in an en-

vironment of relative price stability. This would require continuous vigilance.

It was also necessary to make a fresh appraisal of the Plan as a whole and the emphasis had to be on measures which would speed up the process of implementation of projects, foster the expansion of employment opportunities, and reduce disparities. Efficient performance on the part of public sector enterprises was crucial for the Government's overall development effort. Increasing attention was being devoted to raising their general efficiency and jacking administrative and procedural delays.

Referring to the development of backward areas, Mr Chavan said that schemes for their growth should get their due share.

Budget at a glance

(Rs crores)

	1960-70 (Actuals)	1970-71		1971-72 (B.E.)
		(B.E.)	(R.E.)	
Revenue Account				
Receipts	3,067.08	3,060.00	3,301.43	3,562.81
Expenditure	2,941.86	3,162.18	3,193.29	3,587.86
Surplus (+) or deficit (-)	+125.17	+137.81	+108.14	-24.55
Capital Account				
Receipts	1,935.97	1,823.71	2,104.97	2,023.54
Expenditure	2,100.07	2,188.46	2,632.50	2,395.80
Surplus (+) or deficit (-)	-170.70	-364.75	-427.71	-372.85
Overall surplus (+) or deficit (-)				-306.90
Effect of budget proposals				177.87
Total uncovered deficit	-46.53	-226.94	-229.67	-210.53

in the general allotment of internal and external resources under the Plan. The special provisions made last year for improvement of slums were being maintained. If the State Governments or municipal bodies initiated viable schemes to improve the living conditions for slum dwellers, the Central Government would consider the question of financial accommodation.

Taxation proposals

New Delhi, May 28

THE Finance Minister, Mr Y. B. Chavan, today introduced taxation proposals to yield Rs 177 crores in 1971-72. This will result in the overall budgetary gap of Rs 397 crores being scaled down to Rs 220 crores.

Direct taxes

In the field of personal income tax, the rate of surcharge in the case of individuals as well as Hindu undivided families is being increased from 10 per cent to 15 per cent provided the total income exceeds Rs 15,000 per annum. In a full year, the impact of the proposal will be to provide an additional Rs 20 crores to the exchequer. For 1971-72 the revenue yield is expected to be around Rs 12 crores.

The deduction from long-term capital gains allowed in computing the taxable income of non-corporate assesseees is being reduced from 45 per cent to 35 per cent where such gains relate to lands and buildings, and from 65 per cent to 50 per cent in respect of other capital gains.

The incidence of tax on long-term capital gains will be increased in the case of companies as well. This increase is being brought about by raising the rates of tax from 40 per cent to 45 per cent in respect of gains relating to lands and buildings and from 30 per cent to 35 per cent in respect of other gains.

Taxation on slabs of net wealth above Rs 15 lakhs will now attract a uniform rate of tax of 8 per cent. Also for purposes of taxation, the first Rs 1 lakh of wealth in the case of all individual assesseees and the first Rs 2 lakhs for Hindu undivided families will be included in net wealth. Exemption in respect of approved financial investments, owner-occupied house and agricultural assets will continue.

The exemption from wealth tax currently available for household jewellery and for shares forming part of initial capital issues is being withdrawn. In the case of conveyance, the exemption will now be limited to Rs 25,000 in the aggregate. The

(Continued on page 1026)

SURVEY

THE AILING RAILWAYS

THE financial position of the Railways continues to be a source of unease. Since 1964-65 the Railways have not been able to meet fully the liability for development fund works, and from 1966-67 it has been defaulting on the full annual dividend liability to the general exchequer. At the end of 1971-72 the revenue reserve fund is expected to owe to the general revenues in all Rs 38.83 crores. These realities are to be viewed in the context of the emphasis by the Administrative Reforms Commission (ARC) on the need for the Railways, being the largest public sector undertaking, functioning on sound business and commercial principles. In this connection the ARC had made 49 recommendations in its report on Railways. Mr K. Hanumanthaiya, Union Railway Minister (who, incidentally, had headed the ARC), however, stated in his Railway Budget speech that so far only six recommendations had been accepted fully or with minor modifications. The other recommendations are still under various stages of examination. This leisurely approach to such a vital issue needs to be revised. The Railways have remained far too long in the red. The nation cannot afford to allow this situation to persist. Something needs to be done, and done as early as possible.

According to the Railway Minister, the financial performance of the Railways is unimpressive particularly because of the increased incidents of thefts and labour unrest in the Eastern and South-Eastern Railways, social burdens such as unremunerative branch lines, deficit on passenger traffic and especially on the suburban lines in the three cities of Bombay, Calcutta and Madras. The other drag is the loss on low-rated commodities such as coal, ores, stone, cement, fertilisers, foodgrains and salt. The third factor listed by the Minister is that the annual increases in the costs of operation are creating a big lag between the income and the working expenses. It has been estimated that operational costs have gone up by 72 per cent since 1963-64, while increases in passenger fares and in freight rates have been of the order of 19.6 per cent and 22.7 per cent respectively. These figures would indicate that the Railways recover only 36 per cent of the increase in their cost of operation. This, in short, is the Railway Minister's explanation for the poor performance of the Railways.

There is, however, another side to the picture also. According to the report of the Comptroller and Auditor General of India for the year 1969-70 the utilisation of locomotives shows a downward trend since 1960-61. This is especially true in the case of steam locomotives. As the report has pointed out, there has been deterioration not only in the case of steam locomotives but also in those of diesel and electric locomotives after 1964-65 on all the Railways except the South-Eastern Railway. The Railway Board's explanation is that steam locomotives have been relegated to

an inferior service with the progressive dieselisation and electrification; other reasons put forward are non-materialisation of traffic and conditions of mixed traffic. Some of these factors are certainly within the control of the Railway Board.

In order to reduce the gap between revenues and working expenses, the Railway Minister has proposed measures designed to net in an additional Rs 35 crores in a full year. In this the share of freight would be Rs 21.80 crores in a full year and of passenger fare Rs 13.20 crores. During the current financial year their joint contribution will be of the order of Rs 26.25 crores. The physical targets for the Railways have been reduced from 265 million tonnes to 240.5 million tonnes of originating goods traffic for the Fourth Five-Year Plan. The Plan outlay has consequently been reduced from Rs 1,525 crores to Rs 1,275 crores. And the outlay for 1971-72, accordingly, comes down from Rs 308 crores to Rs 280 crores as far as works, machinery, and rolling stocks are concerned. At the same time the Minister has admitted that, as a result of the revival of the economy, there might be an upsurge in the traffic demand, and the Railway Plan would have to remain flexible. When traffic demand calls for new works, the necessary resources will have to be found. All this is rather intriguing and has given rise to the rumour that perhaps there might be a scaling down of the overall targets for the Fourth Plan.

The steps proposed by the Railway Minister can be of help only over a short period. A more comprehensive approach to railway finances is necessary if they are to be put on a sound basis. The questions such as freights for moving bulk traffic, rationalisation of the classification of passengers and some arrangement for passing the burden of Railways' social responsibility to the general revenue will have to be considered from a long-range point of view. There was much force in the proposal that the railway trains should have only two classes, upper and lower, and that the fares charged for each class should be commensurate with the amenities provided. This proposal needs active consideration. Similarly, the problem of bulk cargo has to be examined in terms of the cost of carrying the cargo. Admittedly, railway finances have to be planned in terms of very intricate technical considerations. But this is no reason why the exercise should not be attempted with a view to pulling the Railways from below the red line. □

SENSIBLE SUGAR POLICY

WITH the decontrol of sugar the Government has finally disowned its obligation to finance the huge stocks, estimated to be over three million tonnes, with the sugar mills. The policy of partial decontrol which has been in force since August 16, 1967, has over the years deteriorated into a virtual subsidisation of inefficient units at the expense of the consumer. The record sugar production of

4.26 million tonnes in 1969-70 and 4.1 million tonnes in 1970-71 created a near-glut in the market. The prices of free sale sugar came down to such an extent that in some areas they were ruling even lower than those of levy sugar. Factories in high-cost zones found it difficult to sell their quota of levy sugar since the deficit States were reluctant to lift high-priced levy sugar when the commodity was freely available at comparable rates in the open market. All this resulted in huge accumulation of stocks in several zones leading to acute financing problems. In some areas the mills failed not only to pay the cane growers and Government dues but even the wages of the workers. At the same time, there was persistent demand from the sugar industry for revision of levy prices on the ground that the cost of production had increased. Some sugar mills took recourse to litigation and obtained interim court orders involving substantial increase in prices with the result that the system of controls was about to break down in many parts of the country.

Hence it was quite logical on the part of the Government to have decontrolled sugar. According to the new policy, as announced in the Lok Sabha on May 25 by the Union Minister for Agriculture, Mr Fakhruddin Ali Ahmed, the distinction between free sale sugar and levy sugar will disappear. Until now 60 per cent of the production was being released as levy sugar and 40 per cent reserved for the free market—the former carrying an excise duty of 25 per cent and the latter 37.5 per cent *ad valorem*. The entire production will now carry a uniform excise duty of 30 per cent *ad valorem* calculated on the basis of a tariff value of Rs 125 per quintal. All controls on distribution have been lifted except the monthly release of sugar from factories to wholesalers, which the Government will continue to regulate in order to maintain reasonable and stable prices and ensure adequate supplies throughout the year. Hence the free market prices in future will depend on the amount of sugar released every month by the Government. However welcome the decision of the Government to decontrol sugar, it must be pointed out that the power to regulate supplies is fraught with the potential danger of co-operatives and other interests using their political influence to reduce the monthly releases in order to maintain retail prices at higher levels. This has happened in the past, and the Government should primarily keep the interests of the consumer in mind while fixing the monthly releases.

The prices of sugar in low-cost zones such as Maharashtra, for instance, are bound to decline as a result of the new policy. Already there was a fall of Rs 8 to Rs 10 per quintal in the Bombay market within 24 hours of the announcement of the new policy. There have been marginal price declines in deficit States also. The Government should allow retail prices to come down to a reasonable level which alone would answer the most fundamental

problem that faces the Indian sugar industry, namely, the stepping up of domestic consumption. □

LABOUR : DIALOGUE BEGINS

The Union Labour Minister, Mr R. K. Khadilkar, assured the trade union representatives whom he met in conference recently in New Delhi that the Government would consult labour representatives in all matters such as preparation of plans and major economic policies affecting them. From the point of view of labour this was a significant gain out of this conference. As for the rest he could not make much headway in inducing the trade union leaders to agree among themselves on the question of determining the bargain agent for each industry and industrial unit and also on the machinery for the settlement of disputes. As Mr Khadilkar stated at a press conference later the trade union representatives had agreed that the bargain agent should be the majority union, but the question was how this agent is to be selected. The INTUC has all along held that it should be through verification of membership of the unions while others have insisted that the question of who should represent labour should be decided through recourse to secret ballot. This is a very long-standing dispute and the very fact that the present conference failed to end the deadlock indicates that unless the Government took initiative in this matter nothing worthwhile will emerge.

As regards the question of settlement of disputes the trade unions demanded that the matter should be left to bipartite discussions without governmental interference in the form of adjudication. Mr S A Dange is reported to have said that the present industrial tribunals should be abolished. There is also general opposition to the setting up of an Industrial Relations Commission as recommended by the National Labour Commission. The main objection to adjudication and arbitration seems to be that these would lead to litigation, and that the employers having larger resources at their disposal would be in a better position to take advantage of the time-consuming and costly processes.

The Union Labour Minister also met representatives of employers. The main point made by the employers at this meeting was that wages should be linked with productivity. This again has been the view expressed many times before. The main difficulty, however, is to secure an agreement on how productivity should be measured. So far no fool-proof formula has been evolved and perhaps serious attempts have not been made to sit down with the representatives of workers and employers to secure an agreement on a workable formula.

Two points made by Mr Naval H. Tata at the meeting deserve some consideration. One is that the Government of India and the State Governments should evolve a co-ordinated labour policy so that both workers and employers knew their rights and duties. The other is that there should be an apex body of all trade unions which could evolve a unified approach from workers to problems relating to industrial relations. This would, of course, mean that employers, too, will have a concerted approach to these problems. □

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	May 8, 1971	May 1, 1971	Apr 10, 1971	May 9, 1970	Over a week ago	Over a month ago	Over a year ago	Over two years ago
Food articles	203.4	201.0	202.4	202.2	1.2	0.5	0.6	7.6
Industrial raw materials	186.0	188.7	191.4	192.4	-1.4	-2.8	-3.3	8.4
Manufactures	162.5	163.0	161.2	160.0	-0.3	0.8	8.3	15.7
All Commodities	182.0	181.5	181.9	178.0	0.3	0.1	2.2	9.4

Money and Banking

(Rs crores)

	May 14, 1971	A week ago	A month ago	A year ago	Percentage variation		
		May 7, 1971	Apr 16, 1971	May 15, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply	7,369 (a)	7,346	7,342	6,634	0.3	0.4	11.1
Bank credit	4,683	4,684	4,715	4,090	-0.1	-0.7	14.5
Bank deposits	6,008	5,992	5,953	5,110	0.3	0.9	17.6
Credit/deposit ratio	77.94	78.21	79.20	80.04	..	..	..
Foreign exchange reserves	782 (c)	779 (c)	773 (c)	845	0.4	1.2	-7.5

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/Index			
Industrial production (seasonally adjusted)	1960=100	Dec 70	180.1	182.8	-1.5	4.4
Exports	Ru crores	Mar 71	136	101	-34.7	3.0
Imports	Ru crores	Mar 71	139	151	-7.9	15.8
Trade balance	Ru crores	Mar 71	-3	-50	..	..
Foreign exchange reserves	Ru crores	end Apr 71	751 (c)	732	2.6	-3.7
Cost of living index	1960=100	Mar. 71	184	184	..	3.6

ANNUAL INDICATORS

	Unit	1969-70	1968-69	1964-65	Percentage variation in 1969-70 over 1968-69	Annual rate of growth between 1964-65 and 1969-70
National income at 1960-61 prices	1960-61=100	134.4 (a)	127.4	119.7	5.5	2.3
Per capita income at 1960-61 prices	1960-61=100	108.0 (a)	104.9	108.7	8.0	-0.1
Agricultural production	1949-50=100	169.9	159.5	159.4	5.8	1.0
Foodgrains production	Million Tonnes	89.5	84.0	89.0	5.8	2.3
Industrial production	1960=100	174.5	163.7	144.8	6.8	5.9
Exports	Ru crores	1,409	1,354	1,286 (b)	4.1	1.9
Imports	Ru crores	1,568	1,909	2,126 (b)	-17.9	-5.9
Trade balance	Ru crores	-159	-555	-840 (b)	..	..
Foreign exchange reserves (year end)	Ru crores	821	577	393	42.3	15.9
Money supply (average)	Ru crores	6,009	5,428	3,866	10.7	9.2
Bank credit (average)	Ru crores	3,583	3,107	1,808	15.3	14.7
Bank deposits (average)	Ru crores	4,731	4,079	2,467	16.0	18.9
Wholesale prices (average)	1961-62=100	171.5	165.4	122.3	3.7	7.0
Cost of living index — working class	1960=100	177	174	129	1.7	6.5

Notes :

- Estimated by Commerce Research Bureau.
- At post devaluation rate.
- While estimating foreign exchange reserves, SDRs transactions that might have taken place on February 28, 1971 have not been taken into account.
- The figures indicate percentage change during the current calendar year upto the month indicated as compared to corresponding period in the preceding calendar year.

THE WEEK

THE Union Budget for 1971-72 was presented to Parliament on May 28. (See also Editorial and Market Gossip.)

The Economic Survey 1970-71 presented to Parliament by the Union Finance Minister, Mr Y. B. Chavan, on May 25 estimates that in 1970-71 the growth of national income will by and large attain the Fourth Plan target level of 5.5 per cent a year. This was mainly due to the rate of growth of over 5 per cent in the agricultural sector. According to the Survey, "overall industrial output is likely to have grown by a little more than 5 per cent". Corporate performance has been satisfactory and the stock market displayed great confidence. For the year as a whole the average level of wholesale prices during 1970-71 was 5.6 per cent higher than what obtained in 1969-70. The volume of external assistance available declined in 1970-71 inasmuch as fresh aid commitments including debt relief and unutilised aid commitments of earlier years together amounted to Rs 2,484 crores. Rs 257 crores less than in 1969-70. The Survey says that on present indications the growth rate of our exports during the entire year 1970-71 is expected to be 8 to 8.5 per cent which would exceed the Fourth Plan annual export target of 7 per cent. The declining trend in food imports continues. India's short-term indebtedness to the IMF has been wiped out.

The Railway Budget for 1971-72 presented to Lok Sabha on May 24 proposed to raise Rs 26.25 crores by way of increase in fares and freights. After taking into consideration the proposed increases, the gross traffic receipts are estimated at Rs 1,070.25 crores and working expenses and miscellaneous transactions at Rs 903.35 crores. This resulted in a surplus of Rs 166.90 crores. But after meeting the dividend obligations to general revenue amounting to Rs 173.77 crores, the Railways had a net deficit of Rs 6.87 crores which has been left uncovered. The Minister for Railways announced a sizable reduction of Rs 250 crores in the Railway's Fourth Plan outlay from Rs 1,525 crores to Rs 1,275 crores.

The Union Government announced on May 25 the decontrol of price, distribution and movement of sugar. However, the releases of sugar from factories for sale to wholesalers will continue to be regulated in order to maintain prices and ensure availability throughout the year. The Union Government has also announced a uniform rate of excise duty on sugar at 30 per cent *ad valorem* instead of the present 25 per cent on levy sugar and 37.5 per cent on free sale sugar. Following the announcement of decontrol, sugar prices registered a significant fall in the Bombay market. The price of 30 D variety dropped from Rs 201 to Rs 191 per quintal. (See also Survey.)

The Union Government is reported to have cleared Tatas' Rs 56-crore Mithapur fertiliser project. The project (a modified version of the earlier proposal to set up a Rs 200-crore giant complex) envisages the production of about 6 lakh tonnes of complex fertilisers. The project, however,

awaits permission to import phosphoric acid required by the plant in the first five years.

The Reserve Bank on May 24 announced relaxation of credit control on bank advances against mustard seed, rapeseed and soyabean. The minimum margin banks are required to keep in respect of advances against these three commodities has been reduced from 75 per cent to 60 per cent.

The Uttar Pradesh Ministry, headed by Mr Kamalapati Tripathi, was expanded on May 21 by the addition of 31 new members, bringing the total to 38.

Mr N. Sanjiva Reddy announced on May 25 his resignation from the Working Committee of the Congress (O). He wants to be free from "narrow party considerations."

Air-India launched its first trans-Atlantic Jumbo jet flight from London to New York with 58 passengers on board of the mammoth airliner which can carry 350. Air-India has also announced plans for the setting up of a charter company for the management of chartered flights. The Corporation is also planning to set up two hotels in Bombay through its subsidiary, the Hotel Corporation of India, in technical collaboration with the West German firm, Steigenberger.

The Kerala Government decided on May 26 to give concession in the duty charged on electricity consumed by industrial undertakings in the State—5 per cent to ordinary industries and 10 per cent to intensive industrial undertakings in areas other than Greater Cochin.

Pakistan agreed in a letter to the UN Secretary-General to accept a UN co-ordinator for humanitarian relief assistance to East Bengal.

In Parliament

The Budget session of the Lok Sabha and the Rajya Sabha began on Tuesday, May 24.

The Union Finance Minister, Mr Y. B. Chavan, stated in the Rajya Sabha on May

25 that there was no proposal under consideration to demonetise 100-rupee and 1,000-rupee notes.

The Minister of State for Agriculture, Mr A. P. Shinde, stated in the Lok Sabha on May 25 that the Government had instructed the Food Corporation of India to procure rain-damaged wheat "as far as possible" with a view to helping farmers. About 20 to 25 per cent of the wheat harvested in Bihar and Uttar Pradesh and 10 to 15 per cent in Punjab and Haryana are estimated to be damaged by rains.

The Rajya Sabha referred on May 26 to a joint committee a Bill to amend the Advocates Act 1961 which would ensure, among other things, that a lawyer had 15 years practice before he becomes a member of the Bar Council of India.

The Rajya Sabha adopted on May 26 the Indian Telegraph Second Amendment Bill 1970 seeking to remove a section in the Telegraph Act which provides for punishment of a person who transmits or causes to be transmitted by telegraph an information which he knows to be forced or fabricated.

Money easy

Conditions were unchanged in the Bombay short-term money market as of Tuesday. Demand for funds was maintained and there were borrowers over at the close. In the inter-bank call section, both renewals and fresh money were reported at 4½ per cent. In Calcutta and Madras markets also the rate ruled at 4½ per cent.

Price index steady

During the week ended May 8, 1971, the Index Number of Wholesale Prices recorded a nominal rise of 0.3 per cent to 182.0. At this level, the index was only 2.2 per cent above its level a year ago.

PEOPLE

MR Harish C. Jain has been appointed Regional President of the International Advertising Association.

★

Mr S. T. Raja has been appointed Managing Director of Premier Automobiles Ltd.

50 years ago

Motorists and those who use petrol in industrial pursuits will be gratified at the news that measures are being taken in Great Britain to produce alcohol on a large scale so as to seriously rival petrol, which is not only scarce but necessarily dear. Recent experiments, we read, of a mixture of fifty per cent of alcohol, twenty-five per cent of benzol and twenty-five per cent of paraffin have yielded satisfactory results and the mixture, we are assured, can be produced at the price of 2s 8d per gallon. Legislation will shortly be undertaken in Great Britain to relax the embargo on the use of alcohol for commercial purposes. In fact, as Mr George Howell, a member of the Institute of Petroleum and Technologists, puts it, we are entering the oil age which no doubt the coal strike in

England has hastened. The railway companies are converting locomotives from coal to oil fuel at the rate of one in six, while there is every prospect that twenty-five per cent of the British furnaces will soon be burning oil. We are, therefore, particularly pleased to learn that in the near future petrol will be produced in quantities appreciably large enough to send down the price considerably in this country. So far petrol was obtained by refining petroleum; but now a simple process has been discovered and patented in the United States of America by which petrol, or gasoline, may be obtained from some of the by-products of bituminous coal, of which we have plenty of suitable quality in India. The process, we hear, will shortly be working in this country.

COMMERCE

May 28, 1921

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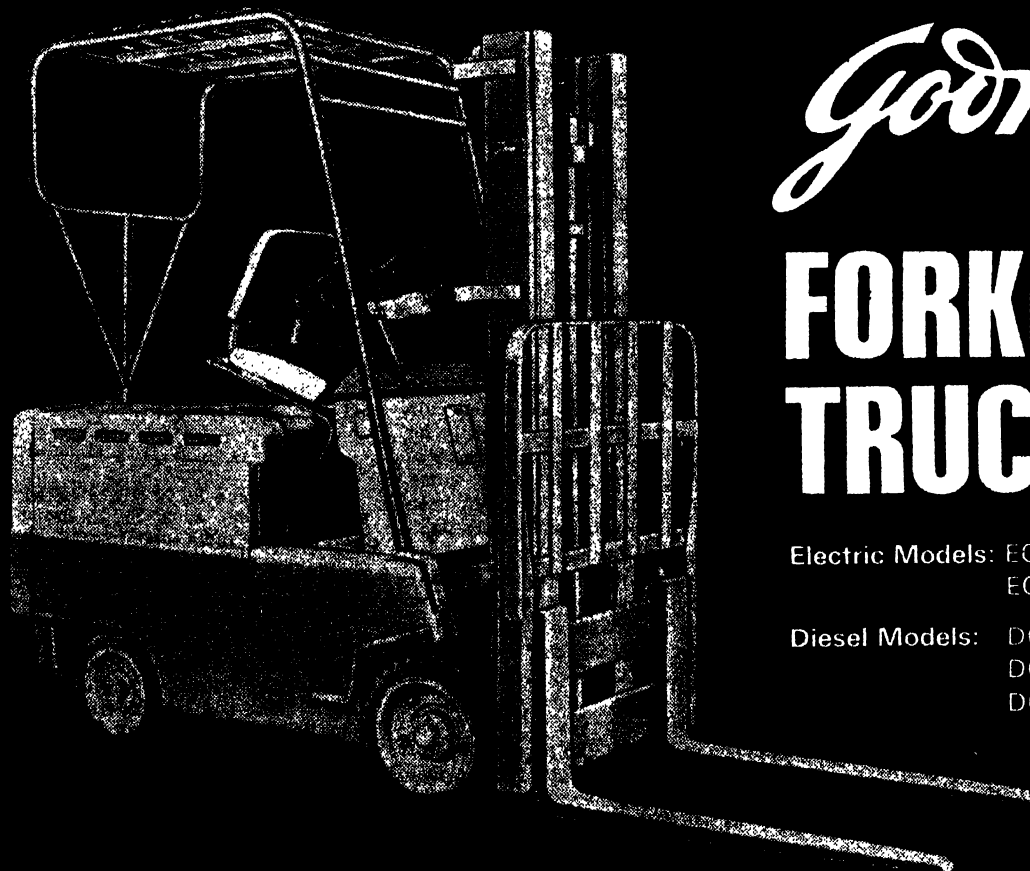
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REPORT

THE NATION

From Our Own Correspondents

Railways vs crime & politics

NEW DELHI.

IT was not the Rs 22-crore increase in freight rates or the marginal increases in passenger fares, or even the 16 per cent cut in the Fourth Plan outlay for the Railways which was the central theme of Mr Hanumanthaiya's 1971-72 Railway Budget speech. The chaotic conditions in the crucial Eastern and South-Eastern Railways appropriately dominated Mr Hanumanthaiya's account of the performance of our Railways.

The Eastern and South-Eastern Railways constitute the backbone of Indian Railways. The Minister of Railways reported to the nation, that the conditions in these regions "continue to cause anxiety" Mr Hanumanthaiya said that the very functioning of the Railways in these regions was being hampered by "daily dislocation of train services".

In Mr Hanumanthaiya's words this is the state of affairs in the Eastern and South-Eastern Railways: "Thefts of overhead traction wire, theft of telecommunication cables and equipment, attacks on trains and staff, organised looting of wagons and luggage vans, large-scale thefts of wagon fittings and track fittings, have become the order of the day. On Eastern Railway alone, during the first three months of the current year, there were as many as 155 cases of theft of overhead electric wire, 369 cases of theft of telecommunication cables and equipment, 305 cases of attack on trains, 39 cases of attack on stations and 33 cases of assault on railway staff. Hundreds of wagons remain immobilised due to theft of brake beams, bearings and other fittings. Goods trains have had to be stopped for several hours a day in the busy sections in the Eastern region due to the theft of overhead wires. The two Railways should normally have loaded a minimum of 6,500 coal wagons daily in the Bengal and Bihar coalfields. In the last few months they have hardly been able to load 5,500 coal wagons. It is, therefore, that coal supplies to industry, power generation, brick kilns have been so unsatisfactory. The movement of food-grains has also been affected".

Mr Hanumanthaiya should have also added that in encounters with criminals 23

men of the Railway Protection Force lost their lives during the year. The entire route from Calcutta to Mughalsarai is now electrified and the theft of overhead traction copper wire puts the entire train operations out of gear on the electrified section for several hours each day.

"A Review of the Performance of the Indian Government Railways" prepared by the Directorate of Statistics and Economics of the Ministry of Railways pinpointed the disastrous impact of a "bandh" in one region on the entire railway system of the country when it observed:

"Movement of other general goods had been less than the target mainly owing to poor mobility in the Eastern sector and slow release at terminals in Calcutta and Howrah area. There were as many as eight major 'bandhs' during the first nine months of the year, completely dislocating traffic. The crippling effect of one such 'bandh' can be appreciated from the fact that during the Bengal bandh on 8th December 1970, nearly 550 trains were stalled and 60,000 wagons immobilised on different Railways. The frequent dislocations and

slow releases of wagons at terminals not only affected loading on the Eastern, South-Eastern and North-East Frontier Railways, but also from all other Railways for destinations on these Railways. The hold-up of abnormally large number of wagons in loaded or damaged condition on these Railways reduced the overall availability of wagons on all Indian Railways as a result. Though there is no overall shortage of wagons on Indian Railways, sufficient number of wagons were not available day-to-day for clearing the demand on hand. This naturally has had an impact on the various indices of utilisation of assets in 1970-71..."

The lightning strike of the employees in Dhanbad division of the Eastern Railway in February and in the Tatanagar yard and shed of Southern Railway in March on trivial and flimsy grounds almost paralysed the goods traffic. The Eastern and South-Eastern Railways together account for three-fifths of the total tonnage carried by the Railways as a whole and hold two-fifths of the total number of broad gauge wagons. This is why lawlessness in the eastern region makes the task of the Railways most unenviable and it still has to be realised that there are powerful political forces in league with the law-breakers as they are with the smugglers. Railways alone cannot break this alliance of crime and politics. □

From bad to worse

By A Special Correspondent

IF the railway finances are in a bad shape, not all of it was of Mr Hanumanthaiya's making. The contribution of his predecessor, Mr Nanda, was substantial. In fact, the downward trend in the railway finances began in 1964-65 when the railways could not meet their full liability for the development fund work. The years of drought and recession made things worse. From 1966-67 the railways have not been able to meet fully even their yearly liability to the general exchequer of paying the dividends. In consequence, the revenue reserve fund has had to be drawn upon. Accumulations in it stood at Rs 63 crores in 1966-67, but now the barrel has been scrapped to the bottom. In order to meet the dividend liability, the railways had in fact to borrow Rs 9 crores in 1969-70 and Rs 25 crores in 1970-71. The task before the railways, therefore, is to generate resources which would not merely facilitate the repayment of the loans but also to add to the development and revenue reserve funds.

It cannot be said that the railways have made no effort to raise additional revenues. The estimated amounts raised through increases in fares and increases as well as adjustments in freight rates and the rela-

tive contribution of the increase in fares as against freight rates is as follows:

	(Rs crores)		
	1969-70	1970-71	1971-72
Fares ..	—	4	4
Freight rates ..	3	27	32
Total ..	3	31	36

Out of some Rs 70 crores raised in the past two years, some Rs 60 crores have been paid by those who, in spite of delay, losses and pilfering, continue to use the railways for transport of goods. Although road haulage is on the increase, the choice is not open in every kind of freight and railways will retain this custom, especially in bulk carriage. Nevertheless, the decline in 1970-71 of some five million tonnes of freight from the 1969-70 traffic ought to open the eyes of the railway authorities about the poor service which is driving away the customers. Against 204 million tonnes carried in 1968-69, the provision for rolling stock is for 265 million tonnes of originating traffic in 1973-74. Compared to an average yearly increase in traffic between 1961-62 and 1970-71 of less than six million tonnes, this presupposes an average increase over the next three years of 18 million tonnes a year. This is an impossibly rosy assumption. The lack of progress on the coal and steel programmes and the difficulties with the Madras and Visakha-

Incidence of thefts and pilferages of railway equipment

(No. of cases)

Item	April to October			
	1969		1970	
	Eastern	South-Eastern	Eastern	South-Eastern
Electric traction wire thefts ..	198	10	255	45
Control suspension ..	2,285	420	3,312	693
Wagon brases ..	9,195	822	11,755	1,748

patnam outer harbours imply that even the demand for hauling iron ore for export to Japan will fall short by at least five million tonnes in 1973-74.

A tempting and easy way out of budgetary problems, which should appeal to the Finance Ministry as well, would be to cut down, in anticipation of this reduced traffic, the investment programme of the railways. It stands to reason that the railways should seek to cut their losses and the Finance Ministry to reduce its commitments to raise taxation and increase Plan expenditure. Mr Hanumanthaiya did exactly this when he announced on Monday that the Railway Ministry has decided to reduce the Fourth Plan outlay for railways from Rs 1,525 crores to Rs 1,275 crores—a cut of Rs 250 crores. This is a shortsighted, anti-growth step. Unless there are parallel economies in their working expenses, however, there is no likelihood of the railways making good their promised contribution from internal resources of about Rs 130 crores. The expenses have gone up by more than Rs 50 crores a year, mainly owing to the higher interim relief to the staff. Unless the prices and living costs are held in check, this outlay on materials and men must go on mounting.

No less important from the long-term point of view is the operating efficiency of the railways. If there is a fall in this—as there indeed has been in recent years—the result is higher operating expenses and an increase in the capital investment required for the development of capacity. On one hand there are stories of surplus wagons—the Administrative Reforms Commission was told that their number was in the region of 20,000 wagons. To the extent that they remain idle, there is waste of capacity. On the other hand, it is difficult to get wagons when required. The trip made by each wagon per day on the average is getting shorter over the years—from 77 wagon kilometres in 1956 and again in 1960 to 72 in 1969.

There are tremendous variations which are concealed in this average figure, with the best wagon-kilometre-per-wagon-day on the broad gauge being achieved by the Western Railways at 126 in 1962 and the worst by the North-East Frontier Railway at 51 in 1966-67. The interval between the time when a wagon is loaded and when it becomes available for re-loading is also going up—from 11 days in 1960 to 13 days in 1969. On the broad gauge, the net tonne kilometres per wagon day have also been going down—from 1,007 kilometres in 1962-63 to 905 km in 1968-69. In the use of locomotives, too, there is a similar deterioration:

Kilometres done by broad-gauge engines each day	Average speed in km		
	1960-61	1965-66	1967-68
Steam engine	134	125	120
Diesel engine	263	319	324
Electric engine	116	270	259

In 1941-42, the railways were operating at 160 engine kilometres per engine day for the steam locomotive and if this performance can be re-achieved, the railways will have regained something of their old efficiency.

For the diesel and electric locomotives, the minimum expected in fairly efficient organisations is 650 kms a day. It is not possible to economise on investments in rolling stock also because the average speed of the trains hauled by different types of engines is not going up. The study

team of the ARC has put down 40 to 48 km per hour as the desirable average speed for diesel and electric trains on the broad gauge. While the existing speeds are nowhere near this, the most disturbing development is the continuing decline in the speeds of trains hauled by steam locomotives:

	Average speed in km		
	1960-61	1967-68	
Steam train	18.9	15.4	
Diesel train	22.5	23.5	
Electric train	20.1	24.8	

It should gladden the hearts of all the lovers of democracy in our country that the opposition is very much alive in Parliament. The fears expressed on this score after the results of the elections to the fifth Lok Sabha had been announced have proved to be false. One can confidently hope that even the attenuated opposition would articulate different political opinions in the highest political forum in our country. The Government will have to remain constantly on its toes. If the opposition plays its cards well it will succeed in compelling the Government to listen to criticisms of its policies and to adjust them in the light of the debates in Parliament.

The crux of the matter is the opportunity to be given to the opposition to debate the important issues before the country and the Government. The rules of business in the two Houses need re-examination in the light of the experience gathered during almost two decades of the working of Parliament in our country. The opposition has a legitimate grievance that full opportunities are not available to raise debates on policy issues on the floor of the Houses. The Lok Sabha has a special privilege in the rights to move a vote of no confidence and to table adjournment motions. In the fourth Lok Sabha the moving of no-confidence motion at the beginning of each session had become a routine after the split in the Congress. It seems to have been realised now that this is not a very convenient weapon in the armoury of the opposition as its defeat amounts to an expression of confidence in the Government by the legislature. Mrs Gandhi took full advantage of this when her Cabinet advised the President to dissolve the fourth Lok Sabha.

The opposition can draw public attention to the important political issues through questions, half-an-hour discussions and private members' resolutions. At the time of discussion on the Budget or on motion of thanks to President important policy questions could be debated. But these weapons are not sufficient for the opposition to discharge its functions effectively. Questions are theoretically meant to elicit information and not to offer comments. Half-an-hour discussion should be raised similarly to discuss some action of the Government and not its policy. The fate of the private members' resolution depends on the vagaries of the lots drawn. The opposition parties are therefore justified in raising the issues through adjournment motions. If definite rules can be evolved to ensure that this method

This picture of dismal and deteriorating performance can be completed by a word about the social purpose which ought to animate the largest public sector undertaking which is capable of becoming the best or the worst—public relations agency for the Government. The condition of the third class passenger has become worse with overcrowding and with the reluctance of the railways to add to the number of passenger trains. □

POLITICS TODAY

of raising debates give sufficient scope to the opposition without it being misused for obstructing the work in Parliament, much of the dissatisfaction with the present procedures would disappear.

The rule of procedure as it stands today permits admission of an adjournment motion in the Lok Sabha under very stringent conditions. The matter must be urgent, it must be of recent origin and it must imply the Government's failure to perform its duty. The principle underlying these conditions is very sound. The opposition can take recourse to an adjournment motion only if it is alleged in the motion that the Government had failed in its duties. The attempt to censure the Government thus must be only on the ground of failure of duty. But it does restrict the scope of adjournment motion to a narrow field. The assumption is that under parliamentary democracy the executive must be free to formulate and implement policies in the light of the information and advice available to it and in consonance with its own mandate from the people. It is on the ground of the need for conforming to the mandate that there could be a legitimate discussion on the policies pursued. There is not enough scope under the present rules to raise policy issues on the floor of the House unless the Government chose to do so.

Ministers do often make statements on the policies of the Government. These statements could form a matter for debate later. But for this purpose the concurrence of the Government is needed. In its absence all that the opposition could do is to put a few questions to seek elucidation on some points relevant to the statement made. It needs to be considered if some method could be found to enlarge the opportunities available to the opposition to discuss policy matters on the floor of Parliament. The Government need not fight shy of such discussions. An astute parliamentarian could use the occasion to elucidate the Government's point of view. If the opposition is crying for the moon the Minister concerned can successfully expose the demagoguery and demolish the points made, if he has done sufficient home work.

—Rohit Dave

REPORT

THE WORLD

From Our Own Correspondents

COMMON MARKET

After the Brussels breakthrough

BRUSSELS.

COMMON Market circles here have welcomed the success of the Pompidou-Heath summit. But their satisfaction is tinged with uneasiness. The issues on which the President and the Prime Minister were able to record a complete identity of views are precisely those on which the French position is very different from that of other EEC countries and particularly of the European Commission in Brussels.

The French and British favour a confederation of European States, the others and notably the Dutch and Belgians a federal structure. But if the question of political integration is unlikely to be taken up for some time the conflict over supranationality will make itself felt even before the entry negotiations are over. The French clearly want to take advantage of these negotiations to settle a number of institutional problems once for all. They want to revise the Rome treaty in order to make unanimity among the member States the rule rather than the exception in decision-making, even though the treaty provisions allowing decisions to be taken on the basis of a weighted majority have been suspended indefinitely under a gentlemen's agreement.

The French also want to downgrade the Commission both by reducing its powers and increasing those of the Council of Ministers which they would like to transform into an essentially political institution. At the same time they have strenuously opposed all attempts to increase the powers of the Six-nation European Parliament. French efforts in all these directions have been resisted so far by the other member States but Common Market circles fear that they may have their way with British support.

The identity of views recorded in the joint *communiqué* seems to extend to the EEC's relations with developing countries also. The French not surprisingly have always insisted that the Community give priority to its relations with Africa and Heath apparently has accepted this point of view. Although the joint *communiqué* renews the assurances given to the Commonwealth sugar producers on May 12, its emphasis is on safeguarding the interests of the 18 African associated States. It is as if Mr Heath has preferred to forget the existence of the Commonwealth countries in Asia.

Earlier the two-day meeting between Mr Geoffrey Rippon and the six EEC foreign ministers had set the stage for the summit meeting between Mr Pompidou and Mr Heath—set it so well, in fact, that people here are confidently predicting a speedy settlement of the two remaining problems, such as New Zealand dairy pro-

ducts and the UK's contribution to the Community budget. If they are right, the British negotiations, begun last June, may be brought to a successful conclusion this June.

But at whose expense? The anti-Marketees in Britain believe it will be at the expense of the British housewife and of the country's standard of living. But with the provisional agreement on Commonwealth sugar it is clear that it will also be at the expense of the people of Fiji and Mauritius and the various Caribbean islands whose livelihood depends on their exports to the UK market under the terms of the Commonwealth Sugar Agreement (CSA). Despite the flow of fine words from Brussels it is abundantly clear that these countries face an uncertain future after 1974, when the CSA is to be terminated (provided, of course, that Britain joins the EEC). If Britain and her chief negotiator, Mr Rippon, are partly to blame—for having accepted an obviously unsatisfactory offer by the Six—it is on the French that the largest share of the blame must fall.

A year ago the British explained to the Six the operation of the CSA and the benefits the developing Commonwealth countries draw from it. Under this Agreement some 14 million tons of sugar are imported into the UK each year from developing countries (this figure includes 25,000 tons from India but not the Australian quota of 340,000 tons, which is to be phased out by 1974). Imports take place at a negotiated price which, under the CSA, must be "reasonably remunerative to efficient producers". The price is the same for all exporting countries but in the case of the developing countries it includes a supplementary payment. Some idea of the importance of the CSA for these countries can be had from the fact that four-fifths of Fiji's sugar exports and three-fifths of those of Mauritius take place at this price. The British hoped to be allowed to maintain imports from the CSA countries at more or less their current level. The French, however, took the line that these imports should be cut by over half to 500,000 tons by the end of the transitional period (say 1978). The proposal was totally unacceptable not only to the British but also to several of France's EEC partners.

Then at the meeting of foreign ministers, in a move widely hailed as a substantial concession though it was nothing of the sort, the French submitted a fresh proposal to their Common Market partners. It contained an offer of association or a trade agreement for the Caribbean countries, Fiji, Mauritius and Tonga. At the same time it provided for the CSA to run until the end of 1974. Finally, it included an undertaking by the enlarged Community to re-negotiate their common

sugar policy, which expires in 1975, taking into account the interests of all the developing countries.

The last part of the proposal found little favour with the other Six, who felt it was far too vague. After protracted discussions they decided to drop the references to the re-negotiated common sugar policy, which were replaced by other equally vague references to the sugar problem being solved in the framework of the offer of association. At the same time the UK was expected to hold down its own production of beet sugar to 900,000 tons.

The Six's proposal was hardly generous. The fact is that during the 1962 negotiations with Mr Heath the Six had virtually agreed to offer associated status to the Commonwealth countries in the Caribbean and in the Indian and Pacific oceans. Their refusal to renew this offer until now for tactical reasons was simply evidence of their bad faith towards the developing countries. As for their readiness to let the CSA run until the end of 1974, it was the least they could do anyway: assuming that Britain joins the EEC in 1973 developing Commonwealth sugar producers will have a guaranteed access to the UK market for only another two years.

The crucial part of the Six's offer, which dealt with the situation after 1974, was so vague as to be meaningless. Even Mr Rippon was forced to reject it, although some thought he overdid the part of the indignant British minister defending the rights of the hapless blacks. He insisted on what he termed "bankable assurances"—in other words, assurances on the basis of which sugar producers could raise bank loans. But in the face of the French refusal to give him any firm, quantitative guarantees he agreed to settle for a "suitable form of words". But the Six were unable to comply even with this modest request. The best they could manage was an additional sentence affirming the great importance the enlarged Community attached to safeguarding the interests of the countries in question, whose economies depend in large measure on the export of primary products, especially sugar.

There was precious little to choose between the two versions of the joint declaration. But the choice in fact was between rejecting the Six's proposal (and thereby achieving little of substance during the two-day session) or of accepting it (and creating a favourable climate for the Pompidou-Heath summit). Mr Rippon took the expected course: he warmly thanked the Six for their generosity and accepted their proposal (subject to its approval by the Commonwealth countries concerned).

The latter must now decide whether they can take the French and British at their word and leave it to them to safeguard their interests after 1974. The offer of association is tempting at first sight, even though acceptance is bound to invite the displeasure of the United States. But

it must not be forgotten that the Six are very reluctant to give even their associated states preferential entry for agricultural products which they either produce themselves (sugar) or which can be used in place of their domestic production (vegetable oils). Only last year the Six, at French instigation, rejected for the second time a request from the existing associated states to be allowed to export to the EEC a mere 8,000 tons of sugar a year at guaranteed prices.

The plain truth is that the French and Belgian sugar producers look upon the UK market, as their own in the event of Britain's entry; and with the EEC's sugar surplus running at well over one million tons a year they can be expected to fight for it tooth and nail. The French Government, despite its protestations of friendship for developing countries, is backing them to the hilt.

It is naive of the British to imagine that they will be in a better position to defend Commonwealth sugar interests once inside the EEC. The blunt truth is that when the enlarged Community negotiates a new common sugar policy in 1974 the British will have so many of their own interests to defend that they can be expected to sacrifice those of the developing Commonwealth countries—just as they did last week.

Our London correspondent adds:

The Heath-Pompidou summit meeting in Paris on May 20 and 21 was preceded by a dramatically sudden agreement in the Brussels entry talks; on Commonwealth sugar imports, it happened, but the subject might have been anything. The French in fact yielded remarkably little on this disputed point (as British spokesmen did their best not to point out) but they yielded. They were signalling, it seemed, that they had at last recognised—in the words of one of their officials—that the talks were “condemned to succeed”. Whether they were condemned to succeed on the far trickier point of New Zealand dairy imports was another matter; but the political will—apparently—exists.

Whose political will, though? This is where the pro-marketeers' euphoria turns a little cold. The British Government has always proclaimed that the British public would swing towards EEC membership once the talks started going well. But at the last opinion poll, the public were about 20 per cent for and 60 per cent against. The public so far has not shown much sign of being impressed. Worried by soaring prices—up about 9 per cent in 12 months—it sees Europe as another means of pushing them up further. It gave Mr Heath an extremely thick ear in the municipal elections this month, which were a Labour triumph. He is no national leader in a position to swing a major con-

stitutional change on an unwilling but otherwise admiring country. Admire it does not.

The Labour Party meanwhile may be heading for another great intra-party row, on this issue. Roughly half the Shadow Cabinet is for the EEC, roughly half against. Probably more than half the Parliamentary Party is against. The trade unions are vigorously against, like the average Labour (or Tory) voter. All these points of view will come into the open when the party holds its special congress on the EEC shortly.

And how will Mr Wilson jump? He was the Prime Minister who set Britain back on the EEC road in 1967. But he has always maintained that he was for entry “if the terms were right”—which, of course, can mean anything. And Mr Wilson has one (some people say only one) preoccupation: the political career of H

Wilson. For a start, this means maintaining party unity. A possible solution might be to allow Labour MPs a free parliamentary vote on the basic issue, whether to ratify an agreement reached in Brussels or not—but then to put on the Whips in voting on subsequent legislation that will be needed to make Britain conform with EEC law and practice. And Mr Wilson is not a man to offer gratuitous support to his political enemies—still less so if opposition could win him and his party votes.

It would not, therefore, be surprising if Mr Wilson lets the basic agreement go through, but then seeks to bring down the Heath Government, with aid from fiercely anti-EEC Tories, on some matter of detail. This would give him an excellent chance of becoming Prime Minister—without imposing on him any obligation to get Britain into the EEC again, which would be all but impossible and (as, privately, he must know) economically idiotic. □



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BUSINESS REPORT

From Our Own Correspondents

STEEL

Short-term answer to shortages

NEW DELHI.

A NUMBER of interesting suggestions to increase the output and availability of steel in the short run were made at the recent meeting of the Steel Advisory Council in New Delhi. The main function of the Council is to facilitate a consensus regarding distribution of steel and allocation of quotas and priorities among rival categories of steel users. Its preoccupation with techniques of production is a result of the realisation that distribution arrangements will remain a fertile source of dissatisfaction for all categories of steel users, unless something could be done to increase the overall availability of steel.

Instead of improving, the position regarding the availability of steel is getting worse. Production of steel during 1970-71 has been even less than in the previous year. In terms of ingots, production in 1970-71 was only 6.1 million tonnes as against 6.4 million tonnes in 1969-70. And production of finished steel by all categories of producers, including wire drawing units and scrap re-rollers, was only 4.72 million tonnes against 5.05 million tonnes in 1969-70 and 4.90 million tonnes in 1968-69. There is decline in the output of all categories of producers except scrap re-rollers, as compared with the previous year, the decrease being most pronounced in the case of billet re-rollers, reflecting the sharp reduction in the production of billets for sale by the main producers.

The monthly average despatches of billets to re-rollers, including off-grade high carbon billets, have been of the order of 34,216 metric tonnes as compared to 53,187 tonnes in the previous year and 64,661 in 1968-69. It is a matter of melancholy interest that the Third Plan had made provision for production of 1.15 million tonnes of semis per annum, including 900,000 tonnes of billets for supply to the re-rollers. The supplies at the present level provide for only about 27 per cent utilisation of the capacity of re-rollers reckoned on the basis of single shift working.

By all indications the shortage is likely to continue for some years, except to the extent it is possible to relieve it by imports, though the Minister of Steel and Mines Mr Mohan Kumaramangalam has expressed the hope that the current year will see the return of normalcy and the end of the shortage in most of the categories. Hence the suggestions for increasing the output of steel are of more than academic interest as they may help to mitigate the shortage in the coming years. These involve adoption of new techniques in the existing steel plants or establishment of small steel plants in suitable locations. Some of these are already on trial. For instance, the technique of oxygen lancing to increase the output of the

open hearth furnaces, has been tried in some of the furnaces at Bhilai and if the trials are satisfactory, it is proposed to extend it to all the open hearth units of the Bhilai steel plant. It is also intended to introduce it in Durgapur. But there is one serious snag in the adoption of this new technique which is still in the experimental stage. It increases the consumption of refractories and large inventories have to be kept for proper maintenance as otherwise there is a risk of serious accidents and consequent set-back to production.

Suggestions are frequently made for the establishment of small steel plants using electric furnaces/concast plants, etc. But in all these cases, shortage of raw material has been the main barrier to rapid progress. Most of these plants are based on scrap iron. This material, which was used to be exported in the past, is now in short supply and it has become necessary to look for alternate raw materials. The establishment of sponge iron plants and of small pig iron plants, which could use non-coking coal, has been suggested. The Government recently approved the establishment of five or six sponge iron plants. But there are not many plants in the world where this process of production has been tried out.

Another major deterrent, from the point of view of the entrepreneurs, arises out of the fact that sponge iron has no use except as raw material for steel manufacture. Its production, therefore, would not be economical, unless it is combined with steel manufacture in electric furnace/concast plants. This will make the sponge iron plant an integrated project. But under the Industrial Policy Resolution, manufacture of steel in integrated projects is reserved for the public sector. So the mere issue of licences for establishing sponge iron plants will not mean much, unless the Government is prepared to make an exception in the case of small steel plants based on sponge iron.

The same consideration also applies to small pig iron plants. Though a number of licences has been issued, not much progress has been made except in one case. Here also the basic difficulty is that the production of pig iron in small plants will not be economic unless it is possible to convert the material into a high-value product like tool or alloy steel. There is a strong case for linking up the production of pig iron with subsequent conversion into special steels.

Another difficulty is in regard to the availability of equipment. It is said that the Heavy Engineering Corporation (HEC) proposes to manufacture the equipment for the small plants. Originally the intention was that the small pig iron or sponge iron plants should be based on this equipment. But this may involve a long wait

and deter prospective investors. If the projects are to get going in a reasonable time, there is no alternative to importing the equipment until HEC is actually able to deliver the goods.

The shortage of steel has also stimulated thinking on the possibilities of economy in the use of steel. It cannot be claimed that control, which restricts the availability of steel for priority uses, had made for economic use of steel. It has been suggested that restrictions should be placed on the use of steel for non-essential purposes. For instance, it has been suggested that steel sleepers in railway tracks could be replaced by concrete sleepers. Again there is need for examining the possibilities of using plastics and of progressive replacement of rivetting by welding. □

FERTILISER

Hindustan Lever's joint-sector venture

BOMBAY

HINDUSTAN Lever is currently engaged in discussions with the Union Government and the Punjab State Industrial Development Corporation (PSIDC) for the setting up of a fertiliser project in Punjab. The company was asked by the Government to consider investing in a fertiliser project and in particular to participate in a joint venture in Punjab. A letter of intent is to be issued shortly to the PSIDC. Hindustan Lever had commissioned a feasibility study by the Mitsui Toatsu Chemical Company of Japan and a market survey by the FACT Engineering and Development Organisation. These studies had revealed that, *prima facie* and subject to certain key requirements being met, such a project would be viable. Mr V. G. Raja dhyaksha, Chairman of the company has said that to have access to up-to-date technology, both in the construction of the plant and on a continuing basis, it was their intention to associate with the project firms of international repute in the field of fertilisers. He believed that the company had the general skills to manage such a project. After the gestation period associated with an undertaking of this magnitude, the company could expect it to provide a satisfactory return on its investment.

The company is discussing with the Government a number of projects for the development of backward areas. It has also submitted a proposal to the Government regarding the setting up of a factory in a backward area in the south which is well placed in regard to supplies of non-traditional oils such as from rice-bran, sal, neem, etc. The factory would convert these and other oils into semi-processed soap. The semi-processed material will then be distributed to a number of widely dispersed small units which will process it further and send it back to the company for marketing. □

AUTOMOBILE ANCILLARIES

New openings for Indian exporters

MADRAS.

NOT much importance is attached to a report that export of automobile ancillaries in a big way is being arranged. It is true that the STC has made some inquiries into export potential but neither Renault nor any other European buyer can be envisaged as a true and permanent customer. It is indeed suggested that a small proportion of ancillary output is now being exported under arrangements devised by the collaborators of local manufacturers and the volume might go up, if conditions improve. The failure of Rolls-Royce has placed many British suppliers of components in great difficulty. Since many forecast a rough ride for European motor manufacturers and British producers of spares, it is evident that the STC's study of the European market may be of limited use. A Madras manufacturer exporting at present 28 per cent of production has pointed out that the increasing output for export is difficult as anti-monopoly regulations stand in the way of expanding the capacity.

If it is plain that auto ancillary producers like the Mico and the Hindustan Ferodo enjoy certain advantages the prejudice against development of big, established firms is not overlooked. A trade mission which met in Kyoto (Japan) in September 1970 assessed the nature and needs of the Japanese auto industry. The FICCI sent a mission which found that the Japanese motor industry was well developed and powerful and could provide both original equipment and replacements for itself. The FICCI mission sensed also that the scope in Japan for Indian exports is small and any encouragement to export must come really from future buyers of Indian goods whose name has been spoiled by fakes. It is recognised that the Japanese customers are reluctant and wary while their advanced technology in the organised sector now implies a degree of resistance to offerings by Indian manufacturers. The automobile ancillary industry in Japan is tied up with the big manufacturers as the FICCI mission reported. Something may come if and when the Japanese buyers start joint ventures for sales to third countries.

But Indian production may go up in volume, if shortage of essential materials can be ended and the Japanese offer a share in what is a truly competitive trade. But as US firms are entering the Japanese auto industry as partners what may be available for Indian firms in future may not be considerable. □

JUTE

Dwindling fibre supplies

CALCUTTA.

THE jute industry circles in Calcutta are worried about the fibre supply position as the current stocks get depleted, and the possibility of carry-over stock by the end of the current jute year ending in June is

The Railway Budget

MR S. S. Kanoria, President, Federation of Indian Chambers of Commerce and Industry, says that the Railway Budget presented to the Lok Sabha on May 24 will have inflationary impact as a result of the increase in the freight rates for coal and various other basic raw materials including iron and steel. The increase in passenger fares would adversely affect the common man. In Mr Kanoria's view, there is considerable scope for improving the operational efficiency of the Railways and for closing the gap through better management. The Railways must gear themselves to move additional tonnage commensurate with the growing pace of development and higher food production. In this context it is regrettable that expenditure on works, machinery and rolling stock programme has been continuously on the decline with adverse consequences to the growth of the engineering industry. There is an immediate need to step up investment in railway transport so that the capacity is maintained ahead of demand.

Mr K. N. Modi, President, the All-India Manufacturers' Organisation, says that the freight hike in respect of coal, coke and minerals will badly affect the industrial production which will not only put up the cost of engineering goods but also hit their exports. Instead of taxing the industry every time the Railways must improve their operational efficiency, especially in the eastern zone where there is a fairly large number of unutilised wagons.

Mr Harish Mahindra, President of the Indian Merchants' Chamber, says that it is a moot point whether the hike in freights of coal and coke will mitigate the present movement difficulties experienced by industries. The Railway Minister, in spreading his net wide, has not spared even important essential commodities like organic manure and items of export significance such as oilcake and cement.

Mr Prabhu V. Mehta, Chairman, Engineering Export Promotion Council (Western Region) says that the Railway Minister has once again pursued the policy of meeting the cost of inefficiency by raising the freights and passenger fares. One should consider the cost of tonne-kilometre or passenger-kilometre in India and compare the same with those of other countries.

Mr S. C. Chokhani, President, Engineering Association of India, (Western Region) says that the proposed freight increases on items such as coke and coal and round and flat products of steel are bound to push up the prices of engineering goods. The increase particularly in the freight on hard coke which is to be transported for long distances will push up the cost and reflect in the prices of finished products. For obvious reasons the price increase cannot be passed on to the consumer and will, therefore, burden the industry which is already hard hit.

Mr Chandrakant S. Desai, President, National Alliance of Young Entre-

BUSINESS OPINION

preneurs, says that some of the export commodities will be adversely affected as a result of the rise in freights. While the Plan outlay on the Railways has been reduced in order to meet the situation, it is more useful to have a closer look at the expenditure in the past five years. The Railways should make an all out effort to attract freight from high rate commodities by a consumer-oriented service.

Mr N. C. Dalal, President, the Scientific and Surgical Instrument Manufacturers' and Traders' Association, says that it is paradoxical that the Railway authorities complain of insufficient demand for wagons while the business community complains of an acute shortage. This position is due to lack of co-ordination and only a planned programme of services at reasonable rates is the way out.

Credit for oilseeds

Mr Ramdas Kilachand, President, Bombay Oilseeds and Oils Exchange Limited, says that one of the major problems that impedes the orderly marketing of oilseeds and oils is the "not-so-imaginative" credit policy pursued by the Reserve Bank of India. It has been the experience of traders that whenever there is a price rise the RBI automatically tightens up its credit terms without caring to analyse the factors responsible for it. In January 1971, the Reserve Bank raised the minimum margin from 60 per cent to 75 per cent on the plea that despite better crop prospects, the ruling prices then were higher than those during the previous year. The higher prices were, it was stated, due to reports that the Centre and Gujarat and Maharashtra Governments were contemplating the building up of buffer stocks of groundnut and groundnut oil. This untimely publicity created a bullish psychology and led to the hardening of the prices. But RBI's stiff credit curbs virtually amounted to a credit squeeze and the prices of oilseeds and oils registered a marked decline to levels significantly below those prevailing in the corresponding period last year.

Foreign trade take-over

Mr G. G. Siraj, President, All-India Exporters' Chamber, Bombay, says that the recent statement of the Union Planning Minister, Mr C. Subramaniam, in Coimbatore that import-export trade in the country is soon to be nationalised under a phased programme cannot but have an unsettling effect on the future of the country's export trade. If future prospects are uncertain, exporters cannot be blamed for not putting in their best efforts. Export is a long-term business and can be developed only if there is stability of policies and a reasonably fair idea about the future.

being placed at five or six lakh bales. If there is no early crop this year, the industry fears dislocation of production. The alternative suggested by the industry was the import of at least half a million bales of Thai jute as a standby reserve. Although the industry had made this suggestion early last year the Government took long to make up its mind. Eventually a decision was taken in last December for the import of three lakh bales. But even after this, till today, no Thai jute has been imported owing to the extraordinary procrastination on the part of the official agencies concerned.

Meanwhile, the Bangla Desh uprising and the consequent disruption of jute trade have pushed up the Thai jute prices by about 100 per cent over the levels prevailing four months ago. Consequently, the import of three lakh bales of Thai jute would now cost much more than the price of five lakh bales originally planned, had

imports been authorised earlier. Last year, the Indian jute crop was only 66 lakh bales which itself was short of normal requirement by about half a million bales. The previous season's carry-over, although still substantial, was not large and the industry had anticipated early last year a difficult position by the end of the current jute year.

The fibre prices have been ruling high well over Rs 60 for Assam bottoms per maund against the statutory minimum of Rs 40. They have shot up further due to the recent speculative demand despite the fact that foreign buyers have not been rushing in as expected. There appears a wait and see attitude on the buyers' part. Yet the gunny fibre markets remain strong and almost confident that Bangla Desh will not be able to supply raw jute and gunnies as long as the war lasts and sooner or later the foreign buyers would come to India to meet their requirements. □

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BOMBAY

THE man-made fibre fabrics have become a mass-consumption fabric in the West. In our country, however, this has not happened, despite substantial increases in the production of raw materials and fabrics. It was in this context that the Additional Textile Commissioner, Mr S. K. Bagchi, has complained that the industry has failed to make moderately priced fabrics available to the masses. The spinners and weavers have evolved voluntary arrangements regarding the availability of raw materials and prices but the benefit had not been passed on to the consumers. Mr Bagchi said that there was hardly any justification for such an arrangement if the ultimate consumer did not benefit. He warned the industry that this sort of a situation would not be allowed to drift. There was hardly any consumer resistance with the result that exorbitant prices could be asked for and paid for. Mr Bagchi also thought that with a higher level of production the tax structure could be recast to help the consumer.

The performance of the industry was discussed at the symposium on "Some Recent Trends in Man-made Fabrics" held under the auspices of the National Committee for India for the Third World Congress of Man-made Fibres to be held in Munich in June this year. Mr Govind Han Singhania, President, Association of Man-made Fibre Industry said that the industry had made good progress in the past 20 years. There is an investment of Rs 280 crores and direct employment is being provided to more than half a million workers as also raw materials to one lakh powerlooms and three lakh handlooms. □

ROURKELA STEEL PLANT

Out of the woods?

BHUBANESWAR

ALTHOUGH the production and profits of the Rourkela steel plant have slid down considerably, the management claims some improvements in its working during the last financial year, especially in the latter half. The production in 1970-71 was 10,38,000 tonnes of ingot steel compared to 11,04,000 tonnes of the previous year. However, there had been a marked improvement in production from the expansion units, according to the General Manager, Mr R. P. Sinha. In his circular letter to the plant employees, Mr Sinha said that Pickline Number One was put back into operation, which enabled the plant to have a better product mix in the cold rolling mills. There had also been an improvement in yields and quality of finished products.

It is stated that the accounts are still being finalised but the profit is expected to be around Rs 5 crores, against Rs 7.8 crores of the previous year. An "encouraging

factor is the significant increase" in production in the second half of the year compared to the first half, viz, 5,80,000 tonnes of ingot steel between October 1970 and March 1971 against 4,58,000 tonnes in the previous six months. □

COMMODITIES

Onion glut

BOMBAY.

THE Ceylonese Government's decision last week to stop the import of Bombay (big) onions has come as a big shock to producers. Apart from Ceylon being the largest buyer of onions from India, the domestic market has been experiencing a glut due to over-production. The price of onions in the Saurashtra region of Gujarat touched last week the lowest level of 50 paise a maund. On May 18, Mr Jashvant Mehta, the State's former Finance Minister met the Governor, Mr Shriman Narayan at Ahmedabad and pleaded for safeguarding the interests of cultivators in the region, through fixing fair prices as the farmers and traders who had stocked the commodity were the worst-hit. A similar situation had developed two months ago in Nasik district of Maharashtra also and the cultivators were not able to recover even their costs by selling the entire onion output. The present glut has resulted out of bringing larger areas under onion by farmers following high prices and a bumper crop last year. □

TRADE

British Export Board

LONDON.

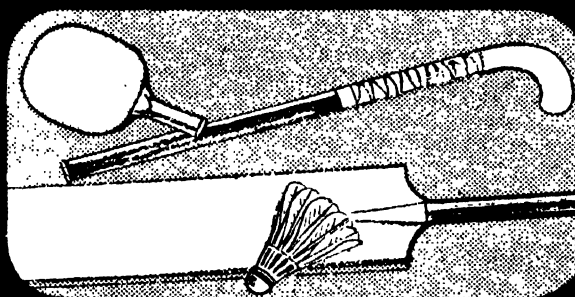
THE real thinking behind the UK Government's decision to form a British Export Board is that if a big and complex ministry such as the Department of Trade and Industry is to make real sense in the field of export promotion it must get the industry closely involved in it. The Board is designed to give businessmen more control over the country's export drive. It is indeed a new concept inasmuch as the Board will consist mainly of businessmen, with a business man as its Chairman, and will be able to take broad policy decisions within the budget agreed to by the Treasury. An advantage of the new set up is that the Chairman will have direct access to the Treasury on matters relating to the financing of the export effort.

Though the Board is not expected to start functioning before January 1, 1972, the Chairman and possibly most of the 12 members the Board will have are likely to be named within the next few months so that it gets off to a good start when it is formally inaugurated. Though Britain has reason to be satisfied with the current export promotion drive there is still a certain amount of overlapping of effort which a new unifying body like the Board into which the best of people engaged in the export field will be drawn will help overcome this as well as other deficiencies to a large extent. □

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ECONOMIC SURVEY: 1970-71

Economy poised for a new thrust

The following are the key excerpts from the Economic Survey 1970-71 presented to Parliament on May 25, 1971, by the Union Finance Minister, Mr Y B Chavan:

THE performance of the Indian economy in the year 1970-71 has been generally satisfactory. The growth of national income will, by and large, attain the level targeted for in the Fourth Plan, mainly due to a rate of growth of over 5 per cent in the agricultural sector. Food production continued to rise for the fourth year in a row and stocks of foodgrains with the public agencies amounted to 58 million tonnes at the end of the year. Overall industrial output is likely to have grown by a little more than 5 per cent. Barring a few industries, the rate of utilisation of capacity is considerably higher than last year. Corporate performance has been good, and the stock market has displayed great confidence. The capital market has shown a vitality which it had lacked for some time. The balance of payments continues to display strength. Exports staged a remarkable recovery during the year after initial setbacks. The declining trend in food imports continues. India's short-term indebtedness to the IMF has been wiped out.

Unalloyed satisfaction is not, however, permissible because of certain disturbing elements in the total picture. While cereal production has been impressive, the production of pulses has not shown the same response. The production of commercial crops, such as cotton, jute and oilseeds, continued to be short of requirements.

The growth in industrial production is not as high as during the previous year because of the uneven performance of some of the major industries. Traditional industries, like cotton textiles and jute, are not showing any great improvement. In steel, there has been a slight fall in production. Coal output too was lower during the year. The growth in industrial production was

Selected economic indicators

	1968-67	1967-68	1968-69	1969-70	1970-71
	(Percentage change over previous year)				
(1)	(2)	(3)	(4)	(5)	(6)
1. National Income at constant prices	1.5*	9.3*	2.4*	5.3*	5.5†
2. Agricultural production	-1.1	22.4	-1.0	6.5	Above 5.0‡
3. Foodgrains production	2.6	28.0	-1.1	5.8	5.5
4. Industrial production	0.3	0.5	6.7	6.8	to 6.6§
5. Electricity generated	9.3	12.6	14.1	14.3	4.1†
6. Wholesale prices	13.9	11.6	-1.1	3.7	9.3†
7. Money supply	8.3	9.1	8.1	10.8	5.6
8. Imports	-6.3	-3.4	-7.3	-17.9	10.6†
9. Exports	-8.9	3.6	13.3	4.1	4.6†
10. Freight carried by Railways	-0.3	1.9	5.3	2.5	8.6†
					-2.4§

NOTES: 1. *Provisional.
2. ‡Estimated.
3. †April-December, 1970 compared to April-December, 1969.
4. ‡April 1, 1970 to March 28, 1971 compared to April 1, 1969 to March 27, 1970.
5. †April 1970-February 1971 compared to April 1969-February 1970.

brought about by other industries, such as chemicals, engineering, certain types of machinery, etc., whose rate of growth in general has not been higher than in the previous year. Excess capacity continues to exist in some machinery and transport equipment industries.

Investment trends

While during the past year, and more, the climate for private investment has been good and the share market buoyant, the actual behaviour of the new issue market presents a mixed picture. A considerable volume of investment seems to be taking place in the small-scale industrial sector.

There are a number of pointers to indicate that, in the large-scale sector too, entrepreneurial interest has been steadily on the increase during 1970. Although the figure of consents for capital issues given to non-Government companies is lower than in the previous year, the difference is accounted for by loans and debentures;

equity and preference issues taken together are at the same level as in 1969. Capital actually raised by the private sector during January-September 1970 was about Rs 23 crores more than during the same period in 1969. The response to public issues has also been enthusiastic. The term lending institutions such as the IDBI, the IFC, etc., have been expanding their operations fast. Sanctions during 1970 were Rs 51 crores higher than in the previous year, while disbursements rose by as much as Rs 28 crores.

Other indicators of investment intentions are industrial licences and letters of intent issued which, during 1970-71, were nearly twice the figures for the previous year. A total of 475 industrial licences were issued during 1970-71 as compared to 219 in 1969-70, while letters of intent issued showed an increase from 219 to 321 over the year. The number of applications for industrial licences received during 1970 was also more than twice that for the year 1969. Approvals by the Capital Goods Committee during 1970-71 were for a value about 35 per cent higher than in 1969-70. Import licensing of raw materials and components too during the year has been as much as 35 per cent higher than in the preceding year.

Apart from lack of industrial raw materials and organisational bottlenecks, another element which has affected the rate of industrial growth during the year has been, as seen above, a weakness in demand for the investment-goods industries. The generally depressed state of these industries in turn has affected the output of several auxiliary and ancillary units, and has also affected the rate of employment. An improvement in the magnitude of public investment could provide an impulse and quicken the pace of activity in each of these industries. During 1970-71, despite the markedly large Plan outlay provided for in the Budget, public investment

Consents for the issue of capital by the Controller of Capital Issues, and capital raised (Rs crores)

	1967	1968	1969	1970
A. Consents				
All companies	237.0	149.0‡	143.5	100.7
1. Government companies	2.4	5.3	10.0	2.2
2. Non-Government companies	234.6	143.2	133.5	98.4
(i) Share capital	158.4	98.9	82.5	83.4
(a) Equity	93.3	52.2	36.5	30.2
(b) Preference	17.3	11.2	4.9	10.3
(c) Bonus	47.8	35.5	41.1	42.9
(ii) Others including (debentures and loans etc.)	76.2	46.3	51.0	15.1
B. Capital raised†				
Total	263.9	204.4	205.2	N.A.
of which				1969 1970
Private sector*	86.3	95.9	89.2	44.6 67.2‡

NOTES: 1. †Capital raised is during the year, and irrespective of the year(s) of approval.
2. *Comprises equity, preference and debenture capital.
3. ‡Provisional.
4. †It is observed that the components do not add up to the total in the original source.
5. N.A. — Not Available.

does not seem to have increased to the extent hoped for

Employment and industrial relations

During 1969-70 employment in the organised sector continued to show an improvement, overall employment increased by about 400,000 or 24 per cent. The largest percentage increase was in electricity, gas and sanitary services due no doubt, to the increased emphasis on rural electrification. Employment in trade and commerce also showed an appreciable rise, part of which would be on account of the rapid expansion of bank branches following nationalisation. Employment in the manufacturing and services sectors too recorded significant improvement. Employment in manufacturing having risen by as much as 150,000. On the other hand employment in construction has seemingly tended to stabilise after the spurt noticed in the previous year.

The rise in employment in the public sector was 31 per cent over the year but this subsumed the change brought about through the nationalisation of 14 major commercial banks. If adjustment is made for this factor, employment in the public sector would show an increase of 23 per cent, the corresponding rise in employment in the private sector was 26 per cent. The private manufacturing sector provided additional employment to 125,000 persons in 1969-70 as against 63,000 in 1968-69.

Tax effort

The tax revenues of the Central and State Governments taken together were estimated to rise from Rs 4,075 crores in 1969-70 (revised estimates) to Rs 4,604 crores in 1970-71 (budget estimates) representing a rise of 13 per cent as against an average annual rise of 8.6 per cent recorded in the preceding two years. According to the revised estimates for 1970-71, tax re-

Expenditure and current revenues of Central and State governments and Union Territories

	Percentage increase in		
	1968-69 over 1967-68	1969-70 (R E) over 1968-69	1970-71 (B E) over 1969-70 (R E)
I Total expenditure	5.9	12.4	3.5
Developmental	7.1	12.0	6.6
Non developmental	4.3	14.0	0.5
II Current revenues	9.5	9.3	11.4
Tax revenues	8.8	8.4	13.0
Non tax revenues	11.6	12.3	6.7

ceipts at the Centre have turned out to be better than what was visualised at the time of the framing of the budget. As a consequence, the proportion of tax revenues of the Central and State Governments to national income, which stagnated at around 13.2 per cent in 1968-69 and 1969-70, can be expected to rise to about 14 per cent in 1970-71.

The year thus witnessed a major effort on the part of the Union Government to raise additional resources. Additional taxation provided for in the Central Budget for 1970-71 amounted to Rs 178 crores (excluding concessions in export duty amounting to Rs 10 crores). Taking into account the efforts made by the Railways and the

P and T to tap additional resources—Rs 26 crores and Rs 8 crores respectively, the total effort was of the order of Rs 212 crores and is expected to yield Rs 1,000 crores over the Fourth Plan period of which Rs 200 crores are to accrue to the States and Rs 800 crores are to be retained by the Centre. Given the anticipated five year yield of Rs 725 crores (net of States' share) from the additional resource effort launched in the first year of the Plan the aggregate resource effort during the first two years of the Plan should, therefore, have already ensured the accrual of Rs 1,525 crores (net of States' share) as against the Fourth Plan target of Rs 2,100 crores (revised).

The measures undertaken by the State to garner additional resources are estimated to have yielded Rs 52 crores in 1969-70 and Rs 37 crores in 1970-71. Over the five-year period, the total yield from these measures is expected to account for about three-fifths of the Plan target of Rs 1,098 crores suggested for the State Governments. This fact notwithstanding there is a considerable leeway to be made up if the Plan target is to be fulfilled. The effort on the part of the States to tax the rural sector remains halting and inadequate.

Deficit financing

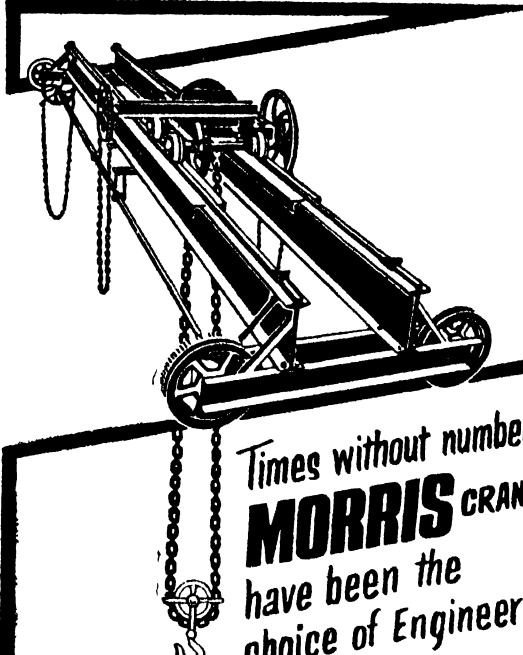
For 1970-71 the Central budget provided for a deficit of Rs 227 crores and the budgets of the States taken together of Rs 184 crores. According to provisional

data, the deficit at the Centre in 1970-71 has turned out to be marginally higher than the budgetary provision at the States, the deficit is likely to be lower than what was budgeted due mainly to additional transfer from the Centre. The combined deficit of the Centre and States, however, would work out to more or less the magnitude as provided in the budget if allowance is made for the RBI net sales of Government securities; it would be lower than the budgeted figure.

Centre-States financial relations

As per the Fifth Finance Commission Award the States' share in Central taxes and statutory grants was estimated to rise from Rs 774 crores in 1969-70 (R E) to Rs 825 crores in 1970-71 (B E). Also, Central assistance towards the Plan outlays of the States was raised from Rs 615 crores in 1969-70 (R E) to Rs 635 crores in 1970-71 (B E). The total transfer of resources as budgeted in 1970-71 was, however, lower than in 1969-70, mainly on account of the lower provisions of assistance to States for natural calamities and due to an anticipated reduced volume of special assistance.

According to the revised estimates for 1970-71, the States' share in Central taxes and statutory grants is expected to be Rs 12 crores higher than the provision in the budget. The revised estimate, at Rs 638.5 crores for Central assistance for the Plan outlays of the States is roughly of the same order as indicated in the budget.



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On the other hand, assistance for natural calamities is now estimated at Rs 100 crores; Rs 50 crores higher than what was budgeted. Similarly, special assistance for the States, which was expected to decline from Rs 279 crores in 1969-70 to Rs 175 crores in 1970-71, is estimated to be higher at Rs 195 crores.

The scheme of special assistance was evolved so as to help certain States fulfil their targets of Plan outlays, the expectation being that the additional accommodation offered by the Centre would enable these States to cover the inescapable gaps in their resources. As a result of this measure, it was hoped these States would be able to continue their non-Plan works and implement larger Plans through additional resource mobilisation.

The general financial position of the States however continues to cause concern, judged by the low level of tax effort and the continued indebtedness to the Reserve Bank of India. Despite the fact that in actuality, special accommodation provided to the States has been Rs 20 crores more than what was budgeted for 1970-71, there has been no abatement in the States' recourse to the RBI during the year. At the end of March 1971 there were fourteen States having overdraft with the Reserve Bank amounting to Rs 260 crores. The problem assumes additional gravity in view of the fact that special assistance to States is expected to taper off in the coming years.

Money supply

Money supply with the public which increased at the rate of about 8 per cent during 1968-69, has witnessed a certain accelerated growth during the subsequent two years. The annual rate of growth works out to 10.8 per cent for 1969-70 and 9.2 per cent for 1970-71 (April 1, 1970 to March 26, 1971).

Since monetary data at the closing of the fiscal year 1970-71 are not yet available, at this stage there is some difficulty

in comparing developments during the year under review with those in the preceding. However, on the basis of data for the period April 1, 1970 to March 26, 1971, it would seem that monetary expansion, at Rs 594 crores, has been slightly higher than in the corresponding period (April 1 to March 27) of 1969-70. However, unlike in 1969-70, this expansion is attributable primarily to credit creation in favour of the domestic sectors. The net foreign exchange assets of the Reserve Bank of India have in fact registered a fall of Rs 40 crores as against an increase of Rs 269 crores in the preceding year. Net bank credit to the Government has gone up by Rs 484 crores as against the increase of Rs 79 crores in 1969-70. That the Government's budgetary operations have been an important expansionary factor in 1970-71 is borne out by the fact that the RBI's net credit to Government has expanded by Rs 295 crores in 1969-70 it had declined by Rs 3 crores. However, the pace of increase of net bank credit to the commercial sector has slowed down over the year, it amounted to Rs 203 crores till March 26, 1971 as compared to Rs 250 crores in the previous year. More significantly the expansionary effect of the gross credit creation in favour of the commercial sector has been dampened by the faster growth of time deposits.

The price situation

The somewhat disquieting developments on the price front can be mainly attributed to the shortage of a number of important materials aggravated, in part by the larger creation of credit in the economy over the year. The shortages of raw materials such as cotton and oilseeds and of metals such as steel and non-ferrous categories have affected production, and, therefore, prices, over a wide number of industries. Changes in the price level of industrial raw materials affect the wholesale price index directly via the price index for raw materials and subsequently

through the price index for manufactures. In a situation of over-all shortage of particular commodities, the fact that there has been over the year a general expansion of money supply has further clouded the picture. Irrespective of selective credit and administrative controls, where supplies are constricted, a general increase in credit is bound to leave some influence on prices. Besides, in a situation marked by excess demand, the exercise of group or monopoly power, of which speculative activity is a manifestation cannot but gain a certain ascendancy. Although wage and income adjustments during the year have conceivably had a marginal effect on prices, this is up to a point an inevitable consequence of the bargaining for compensatory adjustments in money incomes, a common enough occurrence in a period of inflation.

External assistance

The volume of external assistance available continued to decline in 1970-71. Fresh aid commitments, including debt relief and unutilised aid commitments of earlier years, together amounted to Rs 2,484 crores, Rs 257 crores less than in 1969-70.

External debts servicing

	(Rs crores)		
	Amortisation	Interest payments	Total debt servicing
	(1)	(2)	(3)
First Plan	10.5	13.3	23.8
Second Plan	55.2	64.2	119.4
Third Plan	305.6	237.0	542.6
1966-67	169.7	114.8	274.5
1967-68	210.7	122.3	333.0
1968-69	236.2	138.8	375.0
1969-70	268.5	144.0	412.5
1970-71 (Provisional)	282.5	152.2	434.7

NOTE: These figures relate to payments made in foreign exchange and through export of goods. Conversions in rupees are at the pre-devaluation rate of exchange for the first three Plans, and at the post-devaluations rate of exchange thereafter.

New commitments, which had risen to Rs 831 crores in 1969-70, after declining in the two previous years, amounted to only Rs 612 crores in 1970-71. The availability of external credit has been affected adversely over the past few years because fresh commitments have lagged behind even the declining levels of utilisation of assistance. Thus, against a utilisation of Rs 1,196 crores, Rs 903 crores and Rs 866 crores in 1967-68, 1968-69 and 1969-70, respectively, commitments in these years amounted to Rs 795 crores, Rs 756 crores and Rs 831 crores, respectively.

As a result the quantum of unutilised aid has been shrinking steadily. Aid in the pipeline, which at the beginning of 1967-68 amounted to Rs 2,451 crores was reduced to only Rs 1,872 crores at the beginning of 1970-71, during 1970-71 it fell further, by Rs 157 crores, to Rs 1,715 crores owing to the decline in fresh aid commitments for the year. Project and non-project credit in the pipeline taken together, which stood at Rs 1,694 crores at the beginning of 1970-71, diminished further during the year to Rs 1,637 crores, almost entirely as a consequence of the drawing down of non-project credit. Outstanding unutilised non-project credit, which at the beginning of 1970-71 amounted to Rs 510

Variations in money supply

		(Rs crores)		
		1969-70		1970-71
		April 1 to March 31	April 1 to March 27	April 1 to March 26
(1)		(2)	(3)	(4)
1	Net bank credit to Government (a + b)	108	79	484
	(a) Reserve Bank credit to Government	13	-3	295
	(b) Bank's holdings of Government securities	95	82	189
2	Net bank credit to commercial sector (a + b)	338	250	203
	(a) Reserve Bank credit to commercial sector	7	4	37
	(b) Bank's net credit to commercial sector ((a) - (a))	331	246	166
	(i) Bank's advances and holdings of private securities	734	664	689
	(ii) Bank's time deposits	403	418	523
3	Net foreign exchange assets for the Reserve Bank*	270	269	40
4	Money supply with the public (a + b)	632	548	594
	(a) Currency with the public	337	325	353
	(b) Deposit money with the public	295	223	241

NOTES: 1. The figures of Reserve Bank credit to Government given in the table above represent the change in indebtedness of Government to the Reserve Bank of India. The Accounts for the fiscal year are, however, completely adjusted only some days after the end of the fiscal year. Also, the figures given above include items such as change in the rupee coin held by the Reserve Bank and changes in the Reserve Bank's holdings of long term rupee securities. For these reasons the figures of Reserve Bank credit to Government shown here differ from the budgetary deficits as shown in the budget documents.

2. *Variations in net foreign exchange assets of Reserve Bank represent variations in Reserve Bank's holdings of foreign exchange (i.e., gold and foreign exchange) net of variations in Reserve Bank's non-monetary foreign exchange liabilities (i.e., transactions with International Monetary Fund).

Inflow of foreign assistance : gross and net

Items	(Rs crores)			
	1967-68	1968-69	1969-70	1970-71 (provisional)
(1)	(2)	(3)	(4)	(5)
I. Gross aid disbursement	1,196	903	866	769
of which :				
(a) PL 480 food aid*	285	131	136	63
(b) PL 480 Non-food aid*	57	27	33	32
(c) Other food aid	45	55	10	36
II. Gross aid excluding food aid	860	717	711	670
III. Total debt servicing (a+b)	333	375	412	435
(a) Amortisation payments	211	236	268	283
(b) Interest payments	122	139	144	152
IV. Net aid flow (I—III)	863	528	454	334
V. Net aid flow exclusive of food aid (II—III) ..	533	342	299	235

NOTES : 1. *Include assistance by way of imports under rupee payment terms and under convertible currency credits.

2. Gross aid disbursements take into account debt relief inclusive of debt rescheduling, postponement, etc. Debt service payments relate to those involving foreign exchange.

crores, fell to Rs 462 crores by the end of the year, largely because commitments for 1970-71 are expected to amount to only Rs 342 crores as compared to Rs 394 crores for the preceding year.

The tasks ahead

The country was able to achieve the Plan target of a rate of growth of over 5 per cent during 1970-71. For the second year in succession, therefore, the target of over-all growth has been fulfilled. It would, however, be impermissible to assume that no further intensification of effort is called for or that investments even at the present pace will see us through to the major goals. The average rate of growth attained during the first two years of the Plan is to a large extent a reflection of the growth in agricultural output. While good weather has no doubt played a significant part in this increased output, in particular of foodgrains, the contributions of the New Agricultural Strategy in sustaining the progress in agriculture have indeed been substantial.

The general improvement in agricultural conditions in the very recent past has been unable to induce a major stimulus to industry. A part of the hiatus could be for structural reasons; the capacity created in the past may be based on demand estimates which may not correspond to current needs or potentialities. For example, the demands emanating from agriculture currently call for only a limited draft on the existing industrial capacity, particularly the capacity of the relatively sophisticated heavy engineering and machine tools sectors.

In the circumstances, if we are to raise the rate of industrial growth to the level of around 10 per cent per annum as stipulated in the Plan, we cannot rely merely on a spontaneous upsurge of demand. There has to be continued emphasis on enlarging the scale of outlays in carefully selected areas. The climate for private investment appears to be quite encouraging if one takes into account the enthusiastic reception of new capital issues, the num-

ber of new industrial licences sanctioned, the build-up of import licences, and the data with the public financial institutions regarding investment intentions. On its own, however, private investment, given its likely magnitude, will be unable to inject the degree of additional thrust that is needed in the immediate period; there is also the question of reconciling industrial growth with other objectives. What is specifically called for is an increase in the demand for products of the heavy engineering and heavy machine tool units where excess capacity exists, and can be flexibly deployed. Equally desirable is a sufficiently wide regional dispersal of the new investments, with an added emphasis given to outlays in backward areas generally and the eastern region in particular.

Since the limits to deficit financing are clearly etched, the basic task for accelerating the pace of growth of the economy must centre around the mobilisation of resources, more particularly for the public sector. The rate of domestic capital formation needs to be lifted from the current level of 12 per cent of national income to around 15 per cent by the end of the Fourth Plan, and the momentum has to be maintained for a number of years.

The responsibility thrust on the tax instrument becomes all the greater in view of the need to combine its use for bringing about distributive justice. The burden becomes still more heavy if it is demanded that fiscal incongruities carried over from the past should be evened out in the course of a few years. Even so, the question of an appropriate matching between direct and fiscal controls for furthering a given set of social objectives deserves continuous examination. If the controls could be harmonised with the fiscal instruments in the pursuit of the goal of scaling down large incomes and wealth concentrated in the hands of a few, perhaps the objectives of efficiency, distributive justice and adequate revenue could be simultaneously achieved. There will be need for much ingenuity in this area from year to year.

For the phenomenon of prices subsumes two aspects of economic life: the aspect of income distribution and that of efficiency. Once inflationary forces have set in motion, whatever the original source of the inflation, groups and individuals like to take advantage of the supply specificities to improve their own relative economic position. This attempt further pushes forward the inflationary spiral, besides on occasion giving rise to social tension. The price increase in its turn distorts the investment signals and makes project planning difficult for the individual sectors as well as for the economy as a whole. Since, in real terms, there is a falling off of resources, the Plan targets also get lowered. The fact that, in our industrial sector, protection has been offered to a large number of industries under the aegis of blanket import control and on the basis of the cost plus principle further vitiates the process. In the prevailing milieu, there is often little urge to economise on costs and improve upon efficiency, since with external competition ruled out and inflationary conditions fostering high internal demand, producers have a ready market for their commodities irrespective of the level of costs and prices. The industrial community and such others as are able to organise themselves well reap the advantage of this price inflation; the others are left out in the cold. The end-product of the inflation is therefore a further distortion of the distributive pattern.

Both monetary and fiscal policies are under considerable handicap in tackling this kind of a situation. In the wake of the nationalisation of the leading commercial banks and the need to channel credit to the hitherto neglected sectors, it has become difficult not to allow a certain expan-

Public distribution of foodgrains*

Year	(Million tonnes)			
	Rice	Wheat	Other grains	Total
1965 ..	3.6	5.9	0.6	10.1
1966 ..	4.1	8.1	1.8	14.1
1967 ..	3.0	7.4	2.8	13.2
1968 ..	3.6	5.7	1.2	10.4
1969 ..	3.5	5.2	0.8	9.5
1970 ..	3.1	5.4	0.4	8.9

NOTE: Totals may not tally due to rounding off.

sion of credit. And when aggregate credit is expanding, selective credit control, unless worked out to great detail, loses much of its effectiveness. For obvious reasons, fiscal policy is under similar limitations. This is a dilemma which can be resolved without damage to the growth process only to the extent that there is an all-round increase in efficiency and a margin is created for accumulation through taxation as well as internal resources of enterprises without pressure on prices.

The tasks enumerated... add up to a formidable fare. But the Indian economy is now better poised to tackle them than at any other time in recent years. □

(Established 1923)

Registered Office: 11/666, Rabindranath Tagore Road, Machilipatnam

1. Your Directors have the pleasure in submitting the 47th Annual Report together with the audited statement of accounts for the year ended December 31, 1970. The auditors' report is also annexed.

2. The net profit of the bank for the year 1970 after payment of bonus to staff and after providing for taxation and making other usual and necessary provisions stands at Rs. 9,09,709. Adding to this, a sum of Rs. 28,051 being the balance of profit brought forward from the previous year's account and Rs. 97 being the excess provision made towards dividend for the year 1969, the total amount available for appropriation comes to Rs. 9,37,913.

The appropriations already made and those proposed to be made are as under :—

Appropriations made :	Rs.
Transfer to Reserve Fund	4,12,700
Transfer to Investment Fluctuation Fund	-1,00,000
Transfer to Gratuity Fund	60,000
Appropriations now proposed :	
To pay a dividend at 7 per cent (subject to tax) for the year 1970	3,53,120
Carry forward to the next year's account	12,000
	8,27,919

3. The official rate of the Reserve Bank of India remained at 5 per cent during the year 1970. It has since been enhanced to 6 per cent with effect from 9th January, 1971.

4. During the year the Bank opened 85 branches out of which 63 branches are located in Andhra Pradesh and 2 in Orissa. Of these, 18 branches are at places where there were no banking facilities before. Again 43 out of the 85 branches are in rural areas, i.e. at places with a population of 10,000 and below.

5. The deposits increased during the year by Rs. 12.74 crores from Rs. 52.31 crores to Rs. 65.05 crores, representing an increase of 24.35 per cent. The advances rose by Rs. 10.82 crores from Rs. 35.45 crores to Rs. 46.27 crores, representing an increase of 30.52 per cent. As on December 31,

1970 advances to agriculture amounted to Rs. 9.85 crores spread over 65,766 agriculturists, advances to small scale industries amounted to Rs. 7.01 crores covering assistance to 883 units. The outstanding to the Priority Sectors including exports at the end of the year stood at Rs. 18.64 crores which is 40.3 per cent of our total advances.

6. Under the Lead Bank Scheme the bank completed the survey of West Godavari, Srikakulam and Ganjam districts and conducted a joint survey of Krishna District with the Indian Bank. Survey reports in respect of West Godavari and Srikakulam Districts have been released. Reports for the remaining two districts are under finalisation. Survey of Guntur district will be taken up jointly with the Indian Bank shortly. The Bank would also be participating actively in the "Small Farmer Development Agency Scheme" of the Government of India in Srikakulam District. The bank is participating in the scheme of financing Primary Agricultural Credit Societies.

7. Under Articles 93 and 100 of the Bank's Articles of Association (i) Sri Jall Ahmed, (ii) Sri V. Venugopal, (iii) Sri K. L. N. Prasad and (iv) Sri S. Nandagopal retire by rotation and they being eligible offer themselves for re-appointment.

8. You are also requested to appoint Auditors to hold office till the conclusion of the next Annual General Meeting and fix their remuneration. Under Section 30 (1A) of the Banking Regulation Act, 1949, previous approval of the Reserve Bank of India is required for appointment of Auditors for which necessary application will be made in due course.

By Order of the Board.

K. GOPAL RAO,
Chairman.

HYDERABAD, April 1, 1971.

BALANCE SHEET AS AT 31st DECEMBER, 1970

Corresponding Figures 31st Dec., 1969 Rs.	CAPITAL AND LIABILITIES		Rs.	P.	Corresponding Figures 31st Dec., 1969 Rs.	PROPERTY AND ASSETS		Rs.	P.	Rs.	P.
	1. Capital—					1. Cash—					
	AUTHORIZED CAPITAL—				4,35,01,029	In hand and with Reserve Bank and State Bank of India				5,18,00,713 44	
1,00,00,000	1,00,000 Shares of Rs. 100 each		1,00,00,000 00								
	ISSUED CAPITAL—					2. Balances with other banks—					
50,03,800	50,038 Shares of Rs. 100 each for payment in cash	50,03,800 00			51,00,520	(a) In Current Account—					
1,42,400	1,421 Shares of Rs. 100 each for consideration other than cash	1,42,400 00			5,18,825	(I) In India	1,85,92,844 43				
51,46,700					84,250	(II) Outside India	5,71,251 85				
					57,19,801	(b) In Deposit Account—					
	SUBSCRIBED CAPITAL—					Deposits with Banks in India	33,000 00			1,41,90,890 53	
49,02,300	49,023 Shares of Rs. 100 each	49,02,300 00			Nil						
1,42,400	1,421 Shares of Rs. 100 each for consideration other than cash	1,42,400 00			Nil	3. Money at call and short notice—					
50,44,700					Nil	(I) At Call	Nil				
						(II) At Short Notice	2,00,000 00			2,00,000 00	
	AMOUNT CALLED UP—				Nil						
49,02,300	49,023 Shares of Rs. 100 per share	49,02,300 00				4. Investments at cost—					
1,020	LESS—Calls unpaid (overdue)	810 00				(I) Securities of the Central and State Governments and other Trustee Securities, including Treasury Bills of the Central and State Governments of the face value of Rs. 20,17,85,483	19,79,68,938 88				
49,00,680	ADD—1,421 shares of Rs. 100 each for consideration other than cash	1,42,400 00			15,81,96,391	(II) Shares—					
1,42,400					95,300	(a) Fully paid Preference Shares (Market value Rs. 94,508)	95,300 00				
50,43,080	ADD—Forfeited Shares	Nil			12,21,345	(b) Fully paid Ordinary Shares (Market value Rs. 9,67,994)	12,21,345 02				
50,43,080					4,96,000	(c) Partly paid Preference Shares	Nil				
						(d) Partly paid Ordinary Shares	6,27,360 20				
	2. Reserve fund and other reserves—					(III) Debentures or Bonds	9,88,700 00				
34,89,000	Reserve Fund	39,01,780 00			Nil	(IV) Other Investments	Nil				
6,48,220	Share Premium Account	6,48,220 00				(V) Gold	Nil				
41,37,220					15,56,36,400					20,09,01,044 00	
	3. Deposits and other accounts—					5. Advances—					
	Fixed Deposits (including Cash Certificates, Recurring Deposits and Staff Security Deposits)	41,63,37,282 39				(Other than Bad and Doubtful debts for which provision has been made to the satisfaction of the Auditors)					
32,28,17,738	Savings Bank Deposits	10,18,48,201 61			20,19,93,400	(I) Loans, Cash Credits, Overdrafts, etc.—					
9,00,90,202	Current Accounts, Contingency Accounts, etc.	13,23,13,782 77			Nil	(a) In India	36,92,51,197 49			36,92,51,197 49	
11,01,08,832						(b) Outside India	Nil				
52,51,06,772					65,04,99,266 77						
59,22,87,072	'carried over				60,00,63,166 77					28,71,59,254 25	

THE ANDHRA BANK LIMITED—(Continued)

BALANCE SHEET AS AT 31st DECEMBER, 1970—Contd.[illegible]

THE ANDHRA BANK LIMITED—(Continued)

Particulars of Advances forming part of the Balance Sheet as at 31st December, 1970

Corresponding Figures 31st Dec., 1969	PARTICULARS	Rs	P	Corresponding Figures 31st Dec., 1969	PARTICULARS	Rs	P
28,88,96,578	1 Debts considered good in respect of which the Banking Company is fully secured	30 94 15 620	03	7 46,130	5 Debts due by Directors or Officers of the Banking Company or any of them either severally or jointly with any other persons	6 52 23	28
5,81,74 818	2 Debts considered good for which the Banking Company holds no other security than the debtor's personal security (the above includes 100% of debts for which more than one person is liable)	5 28 51 448	10	20 14 632	6 Debts due by Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or in the case of Private Companies as Members	30 53	53
78,91,998	3 Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	1,03 85 416	84	10,27,081	7 Maximum total amount of Advances including Temporary Advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	8 08 756	07
Nil	4 Debts considered doubtful or bad not provided for	Nil		68 82 730	8 Maximum total amount of advances including Temporary Advances granted during the year to the Companies or Firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or in the case of Private Companies as Members	20,28 101	00
85,44,65,394		48 28 57 392	06	6 00 090	9 Due from Banking Companies	37 718	09

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1970

Corresponding Figures for the previous year, 1969	EXPENDITURE	Rs	P	Corresponding Figures for the previous year, 1969	INCOME (Less provision made during the year for Bad and Doubtful Debts and other usual or necessary provisions)	Rs	P
1,90,70,947	1 Interest paid on Deposits, Borrowings, etc.	2 49 16 630	47	3 20 22 178	1 Interest and Discount	4,18,10 066	61
1,87 34,270	2 Salaries and Allowances, Bonus and Provident Fund	1 72 04 077	74	51 05 037	2 Commission, Exchange and Brokerage	59 41 941	81
45 520	3 Directors and Committee Members' Fees and Allowances	01 55	72	2 20 174	3 Rents	2 30 00	83
13,92 548	4 Rent, Taxes, Insurance, Lighting etc	17 53,204	74		4 Net Profit on sale of Investments Gold and Silver, Land Premises and other Assets (not credited to Reserves or any particular fund or account)	2,80,937	85
17 903	5 Law Charges	8 188	13	8 55 681	5 Net Profit on revaluation of Investments Gold and Silver, Land Premises and other Assets (not credited to Reserves or any particular fund or account)	Nil	
7,09,895	6 Postage, Telegrams and Stamps	9 21 205	02	Nil	6 Income from Non Banking Assets and Profit from sale of or dealing with such Assets	8 991	54
30,000	7 Auditors' Fees	35,000	00	2 35 063	7 Other Receipts : Sundry Receipts	3,26 093	15
4 13,274	8 Depreciation on and repairs to the Banking Company's Property	5 92 047	20				
7,80 241	9 Stationery, Printing, Advertisements, etc	8 92 504	85				
Nil	10 Loss from sale of or dealing with non banking Assets	Nil					
8,81,160	11 Other Expenditure	11 60 886	43				
6,02,408	12 Balance of Profit	9,09 759	70				
8,85,13 500	Total	4,85 50 118	16	8,85,13 500	Total	4,85 50 118	16

PARTICULARS OF REMUNERATION RELATING TO THE CHIEF EXECUTIVE— CHAIRMAN

Rs.		Rs	P
48,000	1 Salary	48 000	00
931	2 Allowances	846	12
4,000	3 Employer's contribution to Provident Fund	4,000	20
14,927	4 Monetary value of other benefits or perquisites (including value of other benefit of the use of a car and free house calculated according to income tax rules)	12,318	21
67,858	Total	65 164	53

Certificate Pursuant to Rule 6 (a) of the Companies (Branch Audit Exemption) Rules, 1961

We hereby certify that no change has taken place in the arrangements made for the audit of accounts of the Branch Offices exempted from audit under Rule 4 (1) (a) of the Companies (Branch Audit Exemption) Rules, 1961, enabling the Chartered Accountants employed by the Bank for the purpose of audit of the accounts of Branch Offices, to visit the Branch Offices and to have access at all times to the books, accounts and vouchers of the Bank maintained at such Branch Offices audited by them and for furnishing all such further information and explanations required by them and that such auditors have carried out the audit of the Branches assigned to them.

R. DASARATHARAYA REDDY,
Director

R. SURENDER REDDY,
Director

K. GOPAL RAO
Chairman

As per our Report attached

Ch. V. LAKSHMAIAH & CO.
BAPANAIAH & CO.
T. RADHAKRISHNA VITHAL RAO
NATARAJA IYER & CO.
V. UMAMAHESWARA RAO

Chartered Accountants

HYDERABAD March 31, 1971

AUDITORS' REPORT

TO THE MEMBERS OF THE ANDHRA BANK LIMITED

1. We have audited the foregoing Balance Sheet of the Andhra Bank Ltd., as at 31st December, 1970, and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date, in which are incorporated the returns from 128 Branches audited by us and 65 Branches not visited by us, in respect of which the Central Government granted exemption from audit under Rule 4 (1) (a) of the Companies (Branch Audit Exemption) Rules, 1961, pursuant to Section 228 of the Companies Act, 1956.

2. We report that:

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit and have found them to be satisfactory;
(b) The transactions of the Bank which have come to our notice have been within the powers of the Bank;

(c) In our opinion, proper books of account as required by law have been kept by the Bank so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches of the bank.

(d) The Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the returns.

(e) In respect of the branches not visited by us, the reports of the Officers of the Bank, otherwise qualified for appointment as Branch Auditors, who have audited the accounts of the said branches have been forwarded to us and the same have been considered in preparing this report.

(f) In our opinion and to the best of our information and according to the explanation given to us the said accounts, read along with the notes, appearing thereon, give the information required by the Companies Act, 1956, in the manner so required for Banking Companies, and on such basis the said Balance Sheet gives a true and fair view of the state of affairs of the Bank as at 31st December 1970, and the Profit and Loss Account gives a true and fair view of the profit for the year ended upon that date.

HYDERABAD,
March 31, 1971

K. G. K. MURTHY
Chief Accountant.

M. V. SUBBA RAO
General Manager.

K. GOPAL RAO
Chairman.

K. S. DUTT
V. VENUGOPAL
JALIL AHMED
M. RANGANATH SAI
S. NANDAGOPAL

A. N. SRINIVASA RAO
R. DASARATHARAYA REDDY
K. S. N. PRASAD
R. SURENDER REDDY
P. VENKATASUBBAIAH

Directors.



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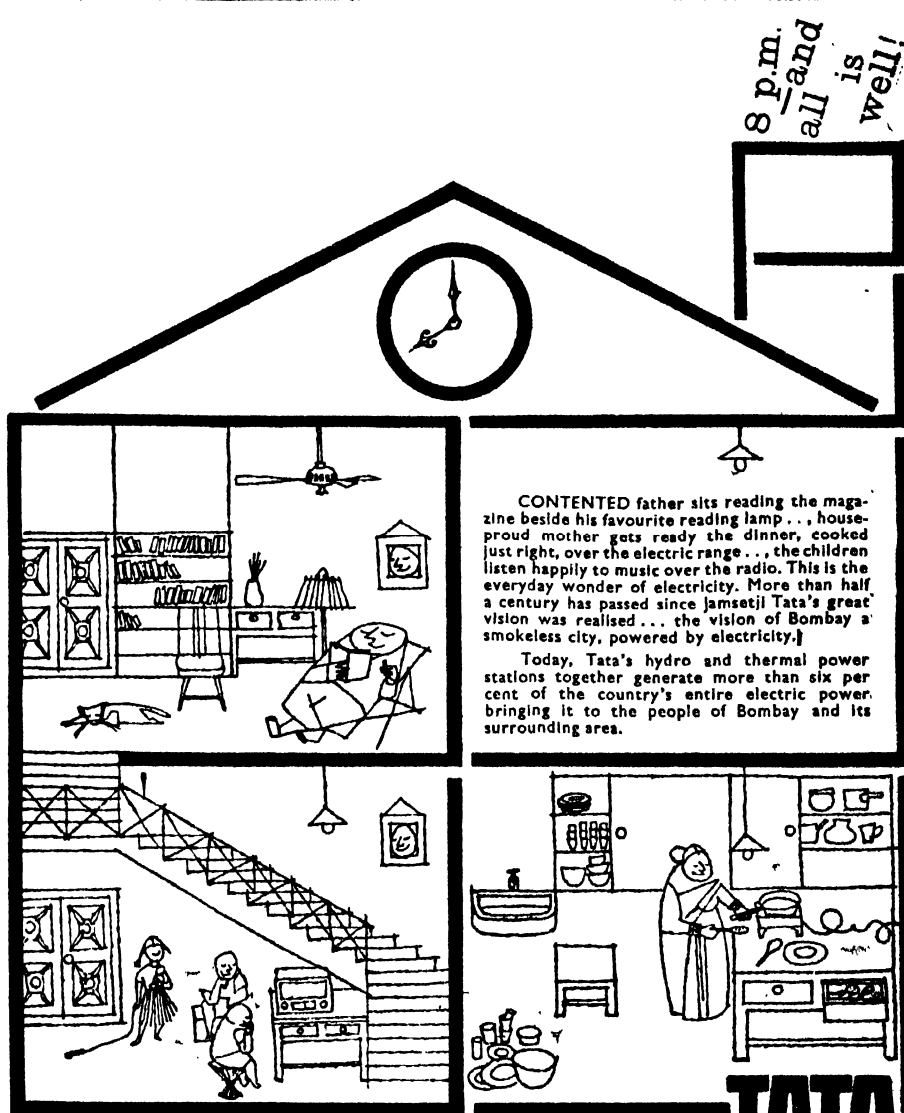
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EXPORT ANGLE

By Stevedore

Brussels Fair

AT the forty-fourth Brussels Commercial Fair concluded recently (April 15 to May 2 1971) Indian participants did a good business. They were able to sell 60 per cent of all their exhibits. These deals would fetch more than double the foreign exchange expenditure involved in taking part in the fair. Besides as a result of the publicity, new negotiations for the sale of a number of items such as made-up articles, jewellery, carpets, and brassware could be started. Several trade inquiries were received which will be followed up in the coming months. The entire space in the Indian pavilion was taken up by 35 exhibitors including business houses, State Government emporia and export promotion organisations. Their exhibits included carpets, wood-carvings, furnishing material, embroidery, shawls, jewellery and a wide range of textiles from the Cotton Textile Export Promotion Council, Silk and Rayon Export Promotion Council and Khadi and Village Industries Commission. □

Movies for Russia

THE Indian Motion Pictures Export Corporation Ltd (IMPEC) signed on May 18 an agreement with Sovexportfilm for the supply of five Indian movies. IMPEC will receive foreign exchange worth Rs 20.6 lakhs for these films. Of the five movies—*Mera Nam Joker*, *Bandhan*, *Aradhana*, *Mumbai Cha Jawai* and *Pratidwandi*—*Mera Nam Joker* has fetched the highest price of Rs 15 lakhs ever paid to an Indian film for exhibition in a foreign territory. Sovexportfilm has also assured Mr A. M. Tariq, Chairman of IMPEC, that hereafter every year it would buy films worth Rs 10 lakhs from India. During the past three years, Sovexportfilm bought three movies each worth Rs 3.6 lakhs in 1967, Rs 3.7 lakhs in 1968 and Rs 4.5 lakhs in 1970. All these films were either dubbed or subtitled in 25 regional languages and screened throughout Russia. □

Railway coaches for Nigeria

NIGERIA may place orders for Indian railway coaches in the near future according to Mr T. I. Awosita, Technical Adviser to the Nigerian Council of Ministers. Nigeria is at present importing railway coaches from the UK, Japan and Canada, but after comparative studies Lagos has found that Indian coaches are cheaper than what is made available by other countries. □

Textile machinery

THE outlook for the export of textile machinery has brightened up considerably. Zell Ate Limited was able to export multi-cylinder cotton sizing machine to Indonesia recently. Famatex (India) Private Ltd of Bombay was able to sell finishing and processing machinery such as hot air jet drying stenter, pneumatic padding machine, polymerising machine etc to Kenya, USSR, Poland, Thailand, Czechoslovakia and West Germany. Famatex is at

present executing orders worth Rs 54 lakhs to Malaysia, Indonesia and the UAR. □

Safety matches

EXPORTS of matches are looking up following a recent diversification of markets. Until last year Indian matches were exported only to Ceylon and Afghanistan, together fetching about Rs 5 lakhs in foreign exchange. But in 1970-71 match exports reached the level of Rs 25 lakhs and covered such new countries as Greece, the UK, and South Yemen. What is significant is the fact that the small manufacturing units located in Sivakasi in Tamilnadu were responsible for the entire in-

crease in exports. The Sivakasi manufacturers have at present in hand orders worth Rs 70 lakhs and hope to execute them provided some of their immediate difficulties are removed by the Government. For instance, prices of glue, match wax and blue match paper, the basic raw materials for match manufacture, have gone up considerably. As the manufacturers do not have direct allocation of match wax, a by-product of petroleum, they have to purchase it from the open market at a very high price. In the case of Greece, light freight charges are the main hurdle and they constitute about 65 per cent of the f.o.b. value of export. □

What India can sell

THE Directorate of Commercial Publicity in the Ministry of Foreign Trade has issued a further list of global tenders. The purchasing authorities, the items required and the closing dates of these tenders are as follows:

Burma

Controller of Stores, Central Stores Department. Electricity Supply Board, Rangoon. Telephone cable PVC sheath outdoor; June 8, 1971. Armature winding wires and accessories; June 15, 1971.

Chief Engineer, State Timber Board, Rangoon. Water bowser and steel sheet piling; June 8, 1971.

The Director, Myanma Bawdwin Corporation Rangoon. Underground cables and accessories; June 21, 1971.

The General Manager, People's Engineering Industry Rangoon. Knife for rotary lathe; June 8, 1971.

Indonesia

Perusahaan Negara Perkebunan V (Government Estate Enterprise V) Medan. Laboratory equipment; June 10, 1971.

Iran

Tehran Regional Electric Company, Tehran. KV transmission system; Closing date not indicated.

Iraq

Directorate of Contracts and Purchases, Ministry of Defence, Baghdad. Raw materials for making barbed wires; June 9, 1971; Mild steel bars; June 9, 1971; Berets, Collapsible beds for other ranks; June 13, 1971.

The Director General, National Electricity Administration, Baghdad. Electric protection rubber gloves; June 5, 1971.

The President Central Foreign Purchasing Board, Baghdad. Surgical instruments, Dental materials; June 20, 1971.

The Ministry of Municipalities Baghdad; Hydraulic thrust boring machine; June 12, 1971.

The Director General, State Organisation for Construction Industries, Iraqi Cement Public Companies, Baghdad. Fork lift truck; June 30, 1971; Supply of crushers; July 15, 1971.

New Zealand

Secretary, Tenders Committee, New Zealand Electricity Department, Wellington. North, Supply and delivery of turbines, Supply and delivery of generators; August 31,

1971; Supply and delivery of 30MVA 220-110/11kV 3-phase transformers; June 29, 1971.

Papua and New Guinea

Supply and Tenders Board, the Administration of the Territory of Papua and New Guinea, Badili. Recovery vehicles; June 15, 1971; Motor cycles, Tool kits; June 22, 1971.

South Vietnam

The Central Logistic Agency, Saigon. Tape recorder, film projector, camera, etc; June 3, 1971; Films and photographic stores, Multilith printing machine M-85 equipment and parts; June 2, 1971.

Sudan

The General Manager, Maspio Cement Corporation, Atbara. Diesel generating set; June 30, 1971.

Syria

The Directorate General of Harbours in Lattakia, Ministry of Defence, Damascus. Transmission equipment; June 19, 1971.

The General Petroleum Company, Damascus. Oil well drilling equipment; July 10, 1971.

The Homs Water Organisation, Homs. Pumping units; June 9, 1971.

UAR

The Egyptian Railways (Purchase & Stores), Cairo. Tyre wheels; June 21, 1971; Axles; June 22, 1971.

The Nile Delta Authority for Tile Drainage Projects, Dokki Giza. Electrically driven drainage pumping stations and transformer substation and auxiliary supplies; October 16, 1971; Tile laying machines and relevant equipment; August 1, 1971.

Uruguay

The Uruguayan Electricity and Telephone Authority (UTE), Uruguay; Underground cable and junction boxes; July 15, 1971.

Zambia

The Secretary, Republic of Zambia Central Supply and Tender Board, Lusaka; Stainless steel ware and sterilizers; June 18, 1971.

Exporters may obtain the tender documents from the purchasing authorities of the respective countries. Further details about these overseas contracts can be had from the *Indian Export Service Bulletin* dated May 15, 1971, issued by the Directorate of Commercial Publicity, in the Ministry of Foreign Trade, Udyog Bhavan, New Delhi.

Manmade fibre industry: A survey

Rayon: New vistas

By S. P. Mandelia

RAYON is the oldest manmade fibre. It reigned unchallenged for a long time until the synthetic fibres, such as polyamide (nylon), and then polyester (terelyne) and acrylic, came on the scene less than thirty years ago. But the synthetic fibre producers were successful in developing a number of speciality fibres and yarns within each generic group and thus made available products more specific to the needs of a particular end-use. This assured for them an ever-growing market. It also resulted in a decreasing share of cellulosic fibres in the total world production of manmade fibres. Similarly, their share in the total world production of all fibres (natural as well as manmade) is also going down. These trends are clear from the following table

Year	Percentage share of cellulosics in total manmade fibre production	Percentage share of cellulosics in total fibre production
1950	95.8	17.1
1955	80.6	17.2
1960	79.0	17.7
1965	62.7	18.5
1966	58.3	19.1
1967	54.5	18.2
1968	49.2	17.6
1969	45.8	17.6
1970	43.2	16.7

Since 1967, there has been a continuous fall in the share of cellulosic fibres in the total fibre production of the world. On the other hand, during the last 20 years, the share of synthetics in manmade fibre production, has gone up, from less than 5 per cent in 1950, to 21 per cent in 1960 and about 56 per cent in 1970. This, by any measure, is a fantastic growth.

Quantity-wise, the production of cellulosic fibres, has proceeded in the following manner:

Year	Filament yarn ('000 m. tonnes)	Staple	Total
1950	871	737	1,608
1955	1,042	1,252	2,294
1960	1,131	1,525	2,656
1965	1,378	2,061	3,439
1966	1,379	2,070	3,449
1967	1,354	2,078	3,430
1968	1,421	2,225	3,646
1969	1,434	2,250	3,684
1970	1,400	2,140	3,540

In 1967, the production of rayon had fallen below even the 1965 level and it was expected that in some quarters that "rayon is out". However, far from being out, it staged a

grand come-back and the 1968 production registered an increase of more than 6 per cent over 1967. However, 1970 has again seen a fall in the total world output. The main reason has been, as stated earlier, the development of a number of synthetic fibres suited to specific end-uses.

In the case of cellulosic fibres, such variants of the original material have been few and far between. However, there is now evidence that a "family" of rayon staples is about to emerge, each one making a new contribution to the overall textile market. The most important among them is the emergence of fleece fabrics or non-woven fabrics. Non-wovens and disposables are the new products that are certain to be the big winners on the world textile market during the seventies. From aprons to carpets, from the surgeon's smock to the sound-absorbing wall facings, the range of their practical applications is vast. The fleece fabrics used in these items will not be made by conventional weaving or knitting processes but by modern methods that bond the fibres permanently together. They can be produced very quickly and, above all, cheaply.

Natural as well as manmade fibres are used for these fabrics, but rayon is the favourite, due, in no small measure, to its cheapness. After all, disposable items can only be accepted by the consumer if their cost is no greater than that of laundering traditional products. In the United States, and especially in the hospitals field there, the non-wovens are regarded as having a great future.

In the apparel area, the new "deep-dye" and acid dyeable types, coupled with mass-dyed rayon and acetate, provide a piece dyeability of multi-colour effects that previously could only be accomplished by yarn- or stock-dyeing. These new rayons in blends with polyester possessing two distinct types of dyeability provide a brand new styling approach.

Modern Textiles recently reported that commercialisation of at least half a dozen innovations in the field of rayon could be expected in the near future. These would include new types of high-wet-modulus or modifical rayon, high-modulus filament, a new tyre cord, flame resistance built into the fibre, a self-bonding fibre, and a ceramic fibre. These would supplement the present 17 basically different types of rayon.

In the field of non-textile uses rayon tyre cord occupies an important place. With the advent of synthetic tyre cords like nylon and polyester, the share of rayon did show a declining trend. This trend was more marked in the US than in Western Europe.

However, the increasing use of radial ply tyres in America as well as Europe has once again established the versatility of rayon. According to the President of the B. F. Goodrich Tyre Company, radial tyres using rayon in the belts and carcasses will account for 10 per cent of the tyre sales by 1973. At present they account for 4 per cent of the total tyre sales in America. The trend in Europe towards radial-ply tyres will increase rapidly in the years to come.

Per cent share of rayon in tyre cord

Year	US	West Europe
1967	28.1	78.7
1968	27.7	76.0
1969	10.1	75.8

Production of manmade fibres in India: 1960-69

(Tonnes)

Year	Staple fibre				Filament yarn				Total filament yarn
	Viscose	Acetate	Poly-ester	Total staple fibre	Rayon		Nylon	Poly-ester	
					Viscose	Acetate			
1960	21,779	..	..	21,779	19,193	1,925	..	..	21,118
1961	26,061	..	..	26,061	21,436	2,302	..	..	23,738
1962	32,382	..	..	32,382	26,237	1,885	176	..	27,961
1963	32,146	..	..	32,146	31,221	1,953	743	..	33,917
1964	36,819	..	..	36,819	35,294	1,836	1,175	..	38,305
1965	37,151	2	1,385	38,538	35,213	2,033	1,480	..	38,726
1966	42,769	451	2,547	45,767	33,311	1,537	1,918	..	36,506
1967	52,136	124	3,045	55,305	34,759	1,715	2,450	..	38,924
1968	61,564	523	4,698	66,785	36,013	1,469	5,293	..	42,775
1969	58,176	456	5,736	64,368	36,516	1,536	7,884	72	40,008
Annual compound rate of growth between 1960 and 1969 (per cent)									
	11.7	..	..	12.8	7.4	2.5	..	..	8.2

Rayon is President of Century

Source: Bureau of the Census, Washington, D.C., India, Ministry of Textiles, Bombay, India, Census, August 1970

High-performance rayons are becoming increasingly popular as very good blends with cotton in some uses like shirts, hospital garments and bed-linen; with synthetic fibres like nylon filament in knitted garments, and with polyester staple in shirts, etc. High-performance rayons like Vincel in the UK have found an expanding market in these uses because of its strength, its ability to produce fine clean yarns, bringing a look of quality to standard fabrics, an excellent ability to take colour, and finally the possibility of achieving great stability for the cloth by careful finishing techniques—especially easycare finishes of a very high order. New technical properties can certainly alter the potential of the market which has been static. Besides, after about two decades of increasing preference for synthetics, a strong swing back on the part of the public to all kinds of textile products with a natural feel and appearance is evident. And since cotton alone will not be able to meet the demand, rayon, the only "natural" manmade fibre, has a great future.

Nascent industry with bright future

By S. P. Agarwal

THE manmade fibre industry in India made its beginning in 1951 when the production of viscose rayon yarn was first started. The acetate yarn and viscose staple fibre production commenced in 1964, followed by the production of nylon filament in 1962 and polyester staple in 1966. This industry is, therefore, hardly 20 years old,

Mr Agarwal is Commercial Manager of J. K. Rayon.

whereas it is 50 years old in other developed countries. In spite of the fact that this is a nascent industry and also capital-intensive and research-oriented, it would not be an exaggeration to say that the industry has progressed remarkably in the country. It has vast scope for further expansion on account of its gaining increasing mass acceptance, year after year, with its virtues of presentability, utility and practicability.

Beginning in 1950-51 with a production of only 2.2 million kg, the industry today accounts for about 38 million kg of viscose filament yarn, 70 million kg of viscose staple fibre, two million kg of acetate filament yarn and 20 million kg of viscose industrial yarn per year. Besides the nine units engaged in the production of viscose rayon and acetate filament yarn, six units are currently engaged in the production of synthetic fibre having a combined capacity of 10.5 million kg of nylon filament and 0.6 million kg of polyester staple yarn.

The investment in the industry amounts to Rs 230 crores. It pays about Rs 65 crores by way of excise duty alone to the Government exchequer every year, apart from paying crores of rupees by way of other levies, such as customs duties, sales tax, etc. The industry directly employs about 40,000 persons. It provides, entirely or partly, essential raw materials for the operation of about one lakh powerlooms and more than three lakh handlooms.

The manmade fibre industry has provided a fillip to the development of the heavy chemical industry in that the production of caustic soda, sulphuric acid and carbon bisulphide have increased to a great extent besides several by-products which are essential raw materials for other industries. It has also helped the expansion of the machine building industry as it is now possible to get a substantial part of plant and equipment indigenously. Tyre manufacturing plants and other defence-oriented industries have also sprung up with the necessary raw materials being available from this industry.

With the steady increase in indigenous production of manmade fibres, there has been a perceptible decline in the imports of fibres/yarn. The production of manmade fibre fabrics has been registering a gradual increase over the years. The present production of fabrics is in the region of 1,000 million metres. In 1953 the industry was in a position to export barely Rs 42 lakhs worth of fabrics. Within a decade the quantum increased considerably and in 1964 the exports reached a figure of Rs 830 lakhs. The exports have lately declined as a result of the abolition of the export promotion scheme and certain other unfavourable conditions. But considering the past year's performance there is good reason to believe that they will gradually rise to their original level.

Besides the existing production capacity of one lakh powerlooms and three lakh handlooms, an additional capacity of 40,000 looms is planned in the next few years. Some high-speed warp knitting machines of adequate capacity have been installed and some more have been planned to be installed in the next few years. The prevailing conditions in the country are also favourable for the progress of the manmade fibre industry.

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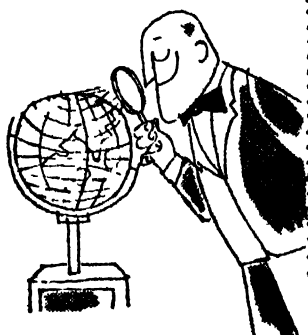
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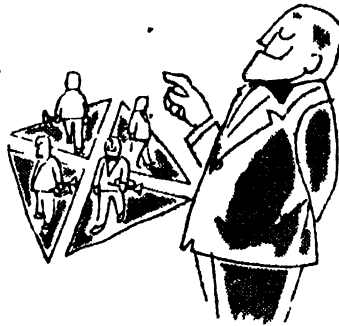
The Council collects data on overseas markets from various publications, through specialist agencies and personal visits of its delegations. This data is made available to local trade.



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World congress of manmade fibres

By N. M. Jain

THE third world congress of manmade fibres being held at Munich from June 2 to June 4, 1971, is being organised by the International Rayon and Synthetic Fibres Committee (CIRFS), Paris. CIRFS was founded in 1950. There are now 24 member countries, namely Argentina, Austria, Belgium, Brazil, Chile, Finland, France, Germany, India, Israel, Italy, Japan, Luxemburg, Netherlands, Norway, Spain, Sweden, Switzerland, Turkey, United Arab Republic, United Kingdom, United States, Uruguay, and Venezuela. The Committee's object is to improve, increase and develop the use of manmade fibres and of products made from them.

CIRFS promotes the exchange of information and experience between its members, within the framework of its

Mr Jain is National Secretary for India of the International Rayon and Synthetic Fibres Committee (CIRFS).

corporate object. It constitutes a forum for the survey of the economic situation within the producing industry, as well as in the textile industry as a whole. It also studies the techniques of the use and development of textile fibres. It co-ordinates all data in order to provide international statistical, economic and technical information of common interest.

CIRFS has direct relations with the international bodies and with the international trade organisation of the producers and users of textile fibres—wool, cotton, silk, linen and jute. Besides the general assembly which brings together all the delegates, member countries and organisations once in a year and the management committee, elected by the general assembly, there are a number of specialised committees such as the economic committee, statistical committee, development and market research committee, the committee for promotion, and the legal committee.

The third world congress of manmade fibres is to be a dialogue between the producers and all branches utilising or consuming these fibres. Rather than a review of questions relating to the present time, it will be oriented towards the future, where modern textiles will be called upon to play an ever increasing part in all facets of life. This idea of immediate and future efficiency is what the organisers wanted to express when they chose for the congress slogan: "Manmade Fibres, Symbol of Progress".

The themes of this congress, unfolding in plenary as well as in working

sessions, will aim at pinpointing the part to be played by the textile and manmade fibres industries in the technical, economic and sociological progress of mankind. The subject of the opening address, "The year 2000, feeding and clothing five thousand million human beings, and getting the nations to prosper through appropriate trade in raw materials, finished goods, and the acquirement of scientific and technical knowledge," shows the form and spirit that give shape to the Munich congress.

What, in this so swiftly changing and many-faced world, will be the influence of manmade fibres? Such is the question one will endeavour to give an answer to during the working sessions. Specialists of world-wide renown will talk about textile technology and economics, about future possibilities in the use of manmade fibres in apparel, the household, industrial uses, and about their involvement with distribution and consumer's information.

Leading manufacturers

The Baroda Rayon Corporation Ltd, Udhna, Surat District, Gujarat.

Century Rayon, Century Bhavan, Dr Annie Besant Road, Bombay-25.

Century Enka Limited, 15, India Exchange Place, Calcutta-1.

Chemicals and Fibres of India Limited, "Crescent House", 19, Witter Road, Ballard Estate, Bombay-1.

Garware Nylons Private Limited, Chowpatty Chambers, Sandhurst Bridge, Bombay-7.

Gujarat Polyamides Limited, "Rupam", Parimal Railway Crossing, Tilis Bridge, Ahmedabad-7.

The Gwalior Rayon Silk Manufacturing (Wvg) Co Ltd, Birlagram, Nagda, Madhya Pradesh.

The Indian Rayon Corporation Limited, Industry House, 1st Floor, 159, Churchgate Reclamation, Bombay-20.

J. K. Rayon, Kamla Tower, Post Box No 25, Kanpur.

J. K. Synthetics Limited, Kamla Tower, Kanpur.

Kesoram Rayon, 15, India Exchange Place, Calcutta-1.

Modipon Limited, Modinagar, Meerut District, Uttar Pradesh.

The National Rayon Corporation Limited, Eros Theatre Buildings, 1, Jamshedji Tata Road, Bombay-20.

Nirlon Synthetic Fibres and Chemicals Limited, 115, Mahatma Gandhi Road, Fort, Bombay-1.

Shriram Rayons, Bara Hindu Rao, Post Box No 1379, DCM Premises, Delhi-6.

The Silks Limited, "Lingpur House", 3-6-237, Himayantnagar Road, Hyderabad-29, Andhra Pradesh.

South India Viscose Limited, Shanmuga Manram, Race Course, Coimbatore-18.

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Processed foods industry: A survey

Vast potential but tardy growth

By A Special Correspondent

THE National Sample Survey had revealed that the proportion of people with an expenditure of less than a rupee a day had remained at over 80 per cent in 1952, 1960-61 and 1963-64. There is nothing to suggest that any significant change has occurred thereafter in this situation. It is in this context that the processed food industry carries a heavy responsibility. Its products have to reach the large number of low-income and vulnerable groups, millions of whom are under-nourished. Most of them are also under-privileged and their need for all types of processed nutritious food is greater than others.

Processed foods include a variety of products. Canned and bottled fruits and vegetables, pickles, chutneys and condiments, canned and frozen meat and poultry products, malted milk products, ice-cream, confectionery, biscuits, starch and its derivatives, wheat bran, breakfast foods, seafoods, baby foods, butter and ghee are some of the items.

The Government has evolved a comprehensive nutrition programme directed towards children. According to official estimates at least 50 to 60 per cent of the entire infant and child population of the country, totalling about 100 million, suffers from moderate to severe grades of various types of under-nutrition and malnutrition. This only underlines the need for co-operation between the Government and industry for a programme of action that would make processed foods a vehicle for nutrient supplementation.

A look at the conditions that exist in various sub-sectors of the processed foods industries suggests that despite the vast scope for development, the industry has yet to attain rapid growth. In many items the organised sector is facing rough weather because of shortage of necessary raw materials at reasonable costs and the Government's taxation and other policies.

In the case of the biscuit industry, production declined by around 3 per cent to 63,000 tonnes. Three units had to close down. This makes it doubtful whether the Fourth Plan target envisaging an annual increase of 10 per cent in production to 1.10 lakh tonnes by 1973-74 would be reached. The two important factors that have slowed down the development of the industry are decline in demand for biscuits

and labour trouble in some units. Consumer resistance to the increase in biscuit prices is having its impact on the demand. The manufacturers say that this is because of a sharp rise in the prices of the essential raw materials required for the industry. As pointed out by the President of the Biscuit Manufacturers Association, the average prices of skimmed milk powder rose from Rs 4.48 per kg to Rs 8.83 per kg, refined coconut oil from Rs 8.25 to Rs 9.24 per kg, butter from Rs 12.30 to Rs 13.63 per kg, condensed milk from Rs 4.63 to Rs 5.70 per kg, liquid glucose from Rs 1.64 to Rs 2.21 per kg and vanaspati from Rs 4.84 to Rs 5.71 per kg. In addition to this, taxation has made matters more difficult. The Union Government levied an excise duty of 10 per cent on biscuits and a separate duty of 10 per cent on metal containers.

Despite the fact that sugar production has been a record one at 4.2 million tonnes and the prospects for the future are also promising, the high prices of sugar continue to trouble the manufacturers of biscuits and other processed foods. This particularly proves a big handicap in the export of processed foods. The competitors abroad pay for sugar, in the sugar-based products they manufacture, at a much lower level than their counterparts here. The processed food manufacturers here have suggested to the Government that they should be allotted sugar at international prices. But no progress has been made on this proposal.

Another grievance of the manufacturers is that the quality of tin plates is deteriorating. The industry wants that the Central Food Technological Research Institute as well as the can fabricators should sit together and study the problem in greater depth. The ability of the processed food industry to enlarge sales in the domestic as also the overseas markets will be seriously retarded if the ultimate cost to the consumer goes up continuously on account of this factor.

The biscuit industry has made an effort to find an outlet for its products in international markets. But the foreign exchange earnings of Rs 46.50 lakhs in 1969-70 only emphasise that much needs to be done on this front. The main market for biscuits is Nepal, which takes three-fourths of the total biscuit exports from this country.

The situation in the confectionery industry indicates that it still continues to be in doldrums. The production in the organised sector has come down from 40,000 tonnes in 1965 to about 10,000 tonnes in 1970. The demand for the products of the industry has proved to be highly elastic. The rising costs of raw materials and packing and the high incidence of taxation have combined to push up the costs and inhibit the demand. The industry's efforts to find an export outlet have not had any significant success. The exports were worth hardly Rs 6.32 lakhs in 1969-70.

Mr V C Shukla, who was Minister of State for Finance before the recent reshuffle of the Union Cabinet, had promised that the Government would examine the difficulties of the industry. He had then indicated that the Government would generally make a review of the existing duties on various products to arrive at a decision before framing the budget proposals. The fact that 70 per cent of the capacity of the industry remains unutilised is a clear

Growth of processed foods industry : 1960-69

(Thousand tonnes)

Year	Infant milk food		Biscuits		Sugar confectionery		Salt refining	
	Installed capacity	Production	Installed capacity	Production	Installed capacity	Production	Installed capacity	Production
1960 ..	NA	NA	31.0	23.4	52.6	16.9	..	3,435
1965 ..	NA	NA	20.4	44.1	42.3	26.2	..	4,715
1966 ..	NA	NA	27.3	51.8	42.3	26.7	..	4,522
1967 ..	7.90	8.74	72.3	56.4	40.2	22.3	..	4,488
1968 ..	9.73	12.44	72.0	80.4	40.2	16.6	..	4,944
1969 ..	NA	NA	76.3	64.0	37.6	12.0	..	5,173
Compound rate of growth between 1960 and 1969 (percentage)	..	..	10.5	11.8	-3.8	-3.9	..	4.7

SOURCE: Central Statistical Organisation, Monthly Statistics of the Production of Selected Industries of India.

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What it forebodes

*Economic ills—Adults below par, prone to illness, mean low productivity, wasted manhours.

*Population problems—Malnutrition is the cause of more infant deaths than all other causes put together. High infant mortality encourages larger families.

*Social unrest—For millions of Indians caught in the vicious cycle of poverty and poor performance—often caused by malnutrition—violence seems the only answer.

Help.

Malnutrition is a hidden famine... and so more dangerous. We must fight it on all fronts.

DEVELOPMENT PLANNERS must recognise that nutrition is an important pre-requisite to socio-economic development.

PRIVATE INDUSTRY must fulfil its social responsibility—low-cost nutritious foods are urgently needed.

GOVERNMENT, BOTH CENTRAL AND LOCAL, must

- *initiate developmental research
- *rationalise distribution of scarce protein foods
- *encourage the food industry with rational laws and licensing policies
- *organise mass-scale relief programmes
- *extend fortification of basic foods
- *use mass communication for nutrition education



Inserted in the public interest by the Protein Foods Association of India

enough signal for the Government to take quick measures to help the industry.

The problem of baby foods is no different. While there has been an yearly growth of 2.5 per cent in the population during the past ten years, the infant milk food industry is bogged down by several factors which are totally out of its control. The price of wet milk has risen from Rs 41 per quintal in 1960 to Rs 95 in the current year. The skim milk powder imported from abroad has shown a sharp price rise. In 1967 it was imported at Rs 1,800 per tonne but now it is distributed by the National Dairy Development Board at Rs 3,050 per tonne. The present output of the industry in the organised sector is 18,000 tonnes per year which is just sufficient to feed about 3.6 lakh babies a year.

The high prices have put the infant milk foods out of range of a majority of families. While the consumer faces periodic shortages of milk food, the Government has announced recently that milk food and malted food industries with an investment of up to Rs 1 crore, which were delicensed from February 1 last year, have been brought back to the licensing list. The industry fears that this might only retard efforts to augment the milk food supplies.

The base of the processed foods industry rests on horticulture. Likewise, the future of horticulture is tied up with the growth of a healthy processing industry. According to the estimates of the Fourth Five-Year Plan, the production of fruits and vegetables is likely to go up from 20 million tonnes to 30 million tonnes, and the value of production from Rs 1,607 crores to Rs 2,576 crores. Mr M. A. Wadud Khan, Chairman, Processed Foods Export Promotion Council, has therefore urged the industry to think ahead and think beyond the conventional bottled, canned and dehydrated products and give attention to new methods of preservation and storage, many of which are already being used in other parts of the world. In line with this, the industry must accept for itself the obligations imposed by the market and, as a technology leader, ensure in the manufacturing processes the highest standards of sanitation and hygiene. The industry should also familiarise itself with mass marketing techniques prevalent in the more advanced countries, where most of our markets for quality foods lie. With the use of mass media for promotional activities, it would be possible for the industry to create a firm demand for its products in foreign markets.

The industry's expectation is that by 1973-74, exports of processed foods would increase from the present Rs 13.5 crores to approximately Rs 21 crores. The production and export achievements of the industry seem to be rather insignificant in comparison with the growth of the processed foods industry in other countries.

The British Food Association, for instance, has announced a record turnover of £524 million (previous year £503 million) for the year 1969-70. In the US, Germany and France, also this industry has grown faster than most other sectors of the economy. In comparison, the Indian processed foods industry has a low growth index and a small quantitative base. The industry has, therefore, to direct its attention to broadening the base of its market.

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The list includes canned fruits and vegetables, pickles and chutneys, biscuits and confectionery, spicy papads, instant tea, instant coffee and a host of other items. During the current year, envisaged exports would be of the order of Rs. 13 crores.

Incidentally, are you manufacturing any variety of processed foods? We are at your service. We'll provide all the information regarding exports and render overall help through planning and publicity abroad.

THE PROCESSED FOODS EXPORT PROMOTION COUNCIL 119, Jorbagh, New Delhi-3

Leading manufacturers

Ambrosia Food and Canning Industries, 23/5C, Rohtak Road, New Delhi-5.

Ashoka Biscuit Works, 3-1-324, Nim-boli Adda, Hyderabad-27.

Atlantis (East) Ltd, 41, Chowringhee Road, Calcutta-16.

Banana and Fruit Development Corporation Ltd, 15, Pycrofts Garden Road, Madras-6.

Bengal Chemical and Pharmaceutical Works Ltd, 164, Maniktolla Main Road, Calcutta-11.

Boist's Indian Confections, 22, Con-naught Road, Bangalore-2

Britannia Biscuit Co Ltd, 33, Lawrence Road, Delhi-35.

Britannia Prestige Foods, Reay Road, Bombay-10.

Cadbury Fry (India) Ltd, Bhulabhai Desai Road, Bombay-26.

Cochin Fish Canning Co, Near Aroor Bridge, Cochin-5.

Corn Products Co (India) Pvt Ltd, Shree Niwas House, Waudby Road, Bombay-1.

Dalmia Private Ltd, Dalmia House, Madras-33.

D & P Products Private Ltd, Agra Road, Bhandup, Bombay-78.

Dr Writer's Chocolate & Canning Co, Bhavanishankar Road, Bombay-28.

Edward Keventers Pvt Ltd, S. Patel Road, New Delhi-11.

Essex Farms Private Ltd, 4, Mehrauli Road, New Delhi-30.

Fraser & Neave Co Ltd, 10, Park Street, Calcutta-16.

Government Fruit Processing Factory, Ram Garh, Nainital District, Uttar Pradesh.

Hamdard (Waqf) Labs Ltd, New Delhi.

Hindustan Biscuit and Confectionery Works, Pipe Road, Bombay-70.

Hindustan Breakfast Food Manufacturing Factory, 65, Industrial Area, Najafgarh Road, Delhi.

Hindustan Food Products, 17, Dalal Street, Bombay-1.

Hindustan Lever Ltd, Backbay Reclamation, Bombay-20.

Hindustan Sugar Mills Ltd, 51, Mahatma Gandhi Road, Bombay-1.

Indian Research Institute Ltd, 3, Rustomji Parsi Road, Calcutta-2.

India Sea Foods, West Hill, Calicut-5.

Indo Marine Agencies (Kerala) Pvt Ltd, Kochangadi Road, Cochin.

James Lord and Sons Ltd, 19, Strand Road, Calcutta-1.

J. B. Mangharam and Co, Tank Bund, Hyderabad.

Kerala Fisheries Corpn Ltd, XVII/855-856, Shanmugam Road, Ernakulam.

Kissan Products Ltd, Old Madras Road, Bangalore-6.

Kwality Ice Cream, 254C, Dr Annie Besant Road, Bombay-18.

Madras Food Products Co Ltd, 48, Anderson Street, Madras-1.

Midland Fruit and Vegetable Products (India), E4, Nizamuddin West, New Delhi-13.

Modern Bakeries (India) Ltd, Aarey Milk Colony, Bombay-65.

New India Fisheries Ltd, 22/235, Rameshwaram Lane, Cochin-5.

Parle Products Manufacturing Private Ltd, Thackersey House, Graham Road, Ballard Estate, Bombay-1.

Poona Food Canning Pvt Ltd, 685/2-C, Poona Satara Road, Poona-19.

Pure Products and Madhu Canning Ltd, Sion Trombay Road, Bombay-71.

Ravalgaon Sugar Farm Ltd, Ravalgaon, Nasik.

Reckitt and Colman of India Ltd, Biren Roy Road, Behala, Calcutta.

S. D. Fruit Products, 62, Katrak Road, Bombay-31.

Sathe Biscuit and Chocolate Co Ltd, 820, Bhavani Peth, Poona-2.

Shalimar Biscuits Pvt Ltd, Sun Mill Compound, Lower Parel, Bombay-13.

Shalimar Fruit Products, M13, Industrial Area, Anand Parbat, New Delhi-5.

Shangrila Food Products Ltd, Agra Road, Bhandup, Bombay-78.

Sunshine Seafoods Co Pvt Ltd, Sangh Bank Building, Homj Street, Bombay-1.

Tata Industries Pvt Ltd, 24, Bruce Street, Bombay-1.

Tims Products Ltd, Nimta Road, Belgurria, Calcutta.

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Census 1971: State-wise data--2

Gujarat

By Commerce Research Bureau

ACCOUNTING for 4.9 per cent (267 lakhs) of the total population of India, on April 1, 1971, Gujarat retained its ninth rank among the 19 States after Uttar Pradesh, Bihar, Maharashtra, West Bengal, Andhra Pradesh, Madhya Pradesh, Tamil Nadu and Mysore. During the decade 1961-71, the State's population registered a growth of 29.2 per cent which was higher than the all-India growth rate (24.6 per cent). Even after the faster-than-average growth of population during the several recent decades, the density of population of Gujarat at 136 persons per sq km continues to be lower compared to 182 persons per sq km for the country as a whole. On the other hand, Gujarat, with a literacy rate of 36 per cent, stands fourth after Kerala, Tamil Nadu and Maharashtra.

As expected, Ahmedabad district ranks first among the 19 districts of Gujarat in terms of population. It is followed by Kaira, Mehsana and Baroda. These four districts account for one-third of the total population of the State. In this respect, the least populated district is Dangs. With the construction of the new capital of Gujarat, the Gandhinagar district has recorded the fastest growth rate of population (46 per cent) during the last decade. The other fast-growing districts are Ahmedabad, Surat, Rajkot and Jamnagar—a clear reflection of the increasing tempo of industrial activity. Kaira district, popular for its agricultural activities, has recorded the highest density in the State. It is closely followed by Ahmedabad and Gandhinagar districts. Both these districts are dominated by urban centres. At the other end, the arid district of Kutch comes out as the most thinly-populated district. In all the districts, with the sole exception of Kutch, males outnumber females. In the case of Kutch, there are 1,018 females per 1,000 males because of a considerable migration of male population in search of employment.

In literacy, Ahmedabad district tops the list, followed by Kaira, Gandhinagar, Baroda, Surat and Rajkot. The districts, which had a literacy level lower than the State level in 1961, have improved their literacy rate much faster than the State as a whole during the last decade. These are Dangs, Bhavnagar, Sabarkantha and Junagadh. But they still rank below the State average. The lowest growth rate of literacy is noticed in Broach district, but its literacy rate is on par with the State level.

With the addition of Nadiad during the 1971 census, there are now seven cities with a population of one lakh or more in Gujarat. These seven cities—Ahmedabad, Surat, Baroda, Rajkot, Bhavnagar, Jamnagar and Nadiad—account for 13 per cent of the State's total population. Among the seven cities, Surat is the most rapidly growing city. The other fast-growing urban centres are Baroda, Rajkot and Jamnagar. Ahmedabad urban agglomeration occupies the sixth place among the nine metropolitan cities of India. (See summary tables on page 1030).

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Chairman, Mr K. C. Maitra's Statement

STATEMENT by the Chairman, Mr K. C. Maitra, on the occasion of the Forty-first Annual General Meeting held in Calcutta on the 19th May 1971:

It gives me great pleasure to welcome you to this, the 41st Annual General Meeting of your Company. The Directors' Report and the Statement of Accounts have been with you for some time and with your permission I propose to take them as read.

Board of Directors

Mr J. E. Sawtell who had joined the Board on the 21st November 1968 resigned from it on the 31st January 1971 on his retirement from India. His knowledge and experience of the engineering industry were of great assistance to the Board and, on your behalf and mine, I would like to place on record our appreciation of his services to the Company.

Of the four Directors due to retire this year by rotation, three, namely Mr T. Mathew, Mr A. K. Roy and Mr A. H. Sethna, have expressed their willingness to continue to serve on the Board. Their re-election will be the subject of appropriate resolutions later on.

Mr Brian Eustace, having served for three years in India as General Managing Director of the Company, is returning to the U.K. and does not seek re-election. He will therefore retire at the end of this Meeting. During his period with us he has made a deep impress on the operations of the Company. I am sure you will join me in expressing our appreciation of his contribution to the Company's prosperity and in extending to him our good wishes for the future.

Operations During 1970

1970 has been, on the whole, a satisfactory year for our Company. The Directors' Report gives you details, and I shall add only a few comments.

Whilst the turnover increased from Rs 32.03 crores in 1969 to Rs 42.59 crores in 1970 (increase of 33 per cent), production in terms of tonnage did not rise correspondingly though it was higher than the previous year's figure. The increase in the sales value is thus largely the result of higher prices of raw materials and therefore of finished products due to price rationalisation. Liquidity improved considerably and our finance charges were significantly lower because of saving in overdraft interest. The pre-tax profit improved to Rs 7.12 crores as against Rs 1.61 crores for 1969.

Stocks have fortunately recorded significant increase at the end of 1970, particularly because of large consignments of CRGO steel shipped towards the year end. With their arrival the raw material situation, as far as the Precision Pressings Division is concerned, should be considerably eased.

I must add that almost throughout the year we have been plagued by a shortage of raw materials and it has been, on the whole, a hand-to-mouth existence. Critical

raw materials have often had to be purchased at extremely high prices to keep the production going. Our production was also materially affected by the lockout in the Andul Road Works where operations were completely suspended for eight weeks and could be resumed to a reasonably satisfactory degree only after another six weeks.

Among the four divisions the performance of Precision Pressings Division has been the most encouraging, both in terms of production and despatches. Although a much smaller unit, operations of the Screws and Fasteners Unit of the Fasteners Division can also be regarded as highly satisfactory.

The Units located at Andul Road Works, besides the set back due to lockout, were at all times very severely afflicted by steel shortage. In addition, certain strategic materials, particularly for steel making, remained extremely scarce, notably graphite electrodes and ferro alloys.

The Future

Before I share a few of my thoughts on the future operations of the Company, I would like to place the background against which these are based:—

(1) The results of the last General Elections have established the strength of democracy in our country. The fact, that, in spite of somewhat disturbed conditions in West Bengal, such a large percentage of voters came out to exercise their franchise proves that our people are conscious of their rights and obligations. However, from the point of view of industry and of our Company, what is even more important is that the elections have resulted in the formation of a Central Government whose stability cannot be questioned at least for the next five years. In that period, one might expect a consistent and, I hope, a firm policy not subject to the pulls and pressures of the various Parties on whom it was dependent in the last two or three years. Politically and administratively the Government is thus poised for a big thrust forward to launch upon its "Garibi Hatao" or "Quit Poverty" programme.

(2) One must keep one's fingers crossed, but the international situation so far has been reasonably peaceful for some time. Even though dark clouds appear to be gathering, one may hope that wise counsels will prevail and these international problems will disperse.

(3) The Weather-God has been all along reasonably kind to us during the last four years and we have had good spells of monsoon. Coupled with better techniques, provision of better seeds and better fertilisers and the industry of our peasants, this has helped us to overcome the food crisis and one may expect that the worst is over.

(4) West Bengal, where our largest units are located, has been the scene of unprecedented violence and crimes. Whether these are the results of personal or political vendetta or acts of unsocial elements, the fact remains that there is a feeling of

uncertainty for the future, which is further aggravated by the alarmingly mounting unemployment in the State. To what extent the situation will be further complicated by the continuing influx of refugees from our neighbouring State is still not known. West Bengal thus faces big problems. The administration with its political uncertainty and lack of resources would have a heavy burden cast on it and it appears that the prime need for the State at the moment, more than ever in the past, is its political stability. Since unemployment in the State will continue for a long time, telling phrases or clichés such as, "crash programmes", "war-footing" etc, would appear to be facile unless the State embarks on a 5 or even a 10-Year Plan concentrating on labour-oriented schemes which will at the same time be economically productive. Grave maladies need drastic and effective remedies.

(5) Production in the field of basic raw materials and of heavy industries continues to remain sluggish. The public sector steel plants are still far from producing their rated capacity and the date of starting of the new steel plants at Bokaro and also at other places is being continuously deferred. Railway wagon builders and structural engineering firms continue to suffer from shortage of orders or of raw materials or of both. The construction of the new Howrah Bridge which was expected to give a fillip to local industry has not yet been started. Though the Government has so far managed to electrify one out of every six villages in the country, it is still unable to meet the ever-increasing demand for power and today industries in the Punjab, Haryana and Western UP are languishing under acute power shortage. Against this gloomy picture must, of course, be stated the fact that on account of rising prosperity in agriculture there is a steady and developing demand for consumer products which is bound to lead directly or indirectly to the demand for products of industries of our type. The problem will still, however, be of scarcity of raw materials.

(6) The Fourth Plan is said to be again under revision to be labour-oriented. It is not known to what extent and in what manner the Plan will be revised so as to be consistent with Government's "Garibi Hatao" programme and how soon these plans start giving immediate relief to the unemployed. Whether the importance given to heavy industries will remain unaltered is a moot point.

If my analysis is correct, we appear to be, by and large, in an era of political stability combined with uncertainty of the pace and direction of economic growth. What then should be this Company's policy in the immediate future? With increasing demands for our products, one's thoughts would naturally turn to the idea of a substantial increase in the Company's production capacity. I would like, however, to recall in this connection that we have only recently carried out a major expansion of our steel plant. An application for increase in the capacity of manufacture of wood-screws has been pending with Government for some time. In our other major activities, such as electrical stampings, bolts and nuts, etc, the limitation is not so much of plant capacity as largely of raw materials. Given more, we can certainly produce more.

It should be remembered that in spite of the shortage of raw materials, Government have granted industrial licences for the establishment of several other factories for the manufacture of electrical stampings. In automotive forgings, there is already excess capacity in the country. In our other fields of activity, such as bolts and nuts, screws and fasteners, more and more capacity is being created in the sphere of small-scale industries. It should cause no surprise if, consistent with their declared policies, Government give more favourable treatment to them in the matter of allotment of raw materials.

In this situation, it seems to me that our future lies in making the best use of the resources we have and these, I assure you, are of the highest quality, both in men and plant. Your Company already has the highest reputation for quality and efficiency; but achieving perfection is a continuous process and we must pursue it methodically, vigorously and relentlessly. We have done much but we must do more and I would like to enumerate them in some detail:—

(i) **Consolidation of the Company's Operation:** The restructuring of your Company's organisation in four operating divisions and the closure of the Railway Engineering and Track Department in 1968 have been followed up by intensive training of management in all functional areas, and at all levels to build up a cadre of skilled managers. The keynote of our objective has always been professional engineering and professional management.

(ii) **Products and Product Development:** As is well known, our Company's manufacturing divisions serve several emerging industries whose growth must continue to be a basic urge. At the same time we have to serve a number of established industries whose stability is essential to the country's economic survival. We produce finished and semi-finished components used in generation, transmission and distribution of electricity, in structural, fabrication and construction industry, in automotive industry and in a host of consumer durables. In our time, we have pioneered the manufacture of a number of new items for all these industries and are still pioneering the development of "C" and "E" cores for electronics in India. We have also developed Boron Steel specifically for tractors.

Our customers have faith in the quality of our products and we want to stay and grow in the market on the strength of this reputation. This it would be idle to claim to be an easy task in an increasingly complex and competitive environment. We have to concentrate on learning new skills and disciplines in marketing. We have to build up a highly motivated team of managers, and advanced technology for our diversified operations most of which produce precision components. Their manufacture requires a high degree of professional engineering which will continually provide the basis for further diversification of the products in the Company.

(iii) **Assistance to Customers:** With the increasing importance now being given to small-scale industries, it is no longer enough merely to supply our products to our customers; it is important that we train these small industries in the better and more efficient use of these products to our mutual advantage. This will mean a more

detailed study of our customer's products and we must intensify our efforts in this direction.

Apart from this being a social obligation, it is only through such effort that we can help the country to develop a massive industrial super-structure underpinned by an equally strong and vigorous infrastructure of ancillary and small-scale industries in the country.

(iv) **Labour relations:** After the lock-out in the Andul Road Works last year, we have fortunately had no major labour troubles. Nevertheless, we still continue to have minor labour problems here and there in our various works throughout the country. Although individually minor, their cumulative effect leads to a significant loss of production and it should be our constant endeavour during this period of consolidation to see that they are minimised to the extent possible.

What I have said above may not sound so commonplace when it is revealed that no fewer than 19 million man-days were lost to the country's industry in 1969 and the figure for 1970 is expected to be in the neighbourhood of 25 million man-days. It is important to constantly watch the organisational behaviour of industrial labour in operating a big manufacturing unit like ours, and it is wise to remember that in the field of industrial relation the routine is more effective than the spectacular.

1971

Encouraged by our performance in 1970, we have set our targets fairly high for 1971. Partly due to shortage of raw materials and partly due to minor labour unrest, we have not been able to achieve these high targets during the first four months. Though not comforting, we should have no reason to be unduly worried about it. Our production and sales during the first four months of the current year have continued to follow last year's growth trends. Fall in demand for certain products is counter-balanced by increase in some others and on the whole the situation appears to be not too disquieting. The only uncertainty is about the supplies of steel. Our small inventories of mild steel and poor arrivals from the steel works continue to be our major problem. Given adequate steel and power supply we should expect to match the performance of 1970 in 1971 as the upswing in the country's economy which began in 1969 still continues to gain momentum and the demand for most of our products persists to be strong

Exports

It is a matter of great regret that our earnings from exports last year were not upto expectations. In my statement last year I referred to the difficulties of exports and these were mainly lack of availability of raw materials and high costs in the country. These difficulties still continue to face us. I think, however, that our determined efforts to promote exports of other commodities are beginning to bear fruit and we hope to be able to do better in the current year although on account of recession in the USA there is a possibility of a deferment of export orders for screws and fasteners.

The Restrictive Trade and Monopolies Act will inevitably act as a brake on the growth of already existing and efficient

units. Unless organised industries are allowed to have a strong domestic base firmly anchored to economics of volume production, their performance both in domestic and overseas markets will be adversely affected and this in a decade when the need for exports and self-sustaining economy is vitally essential. Moreover, any unimaginative "policing" of the industrial sector by the Act is likely to retard the research and development work in organised units and without such developmental activity it may be difficult even to continue to maintain the present export markets in the future.

Our Associates:

Our Associates—Guest, Keen & Nettlefolds Limited of UK continue to give us valuable assistance. They have helped us to train our people here and in their various Works in the UK. Their Deputy Chairman, Sir Henry Wilson Smith, who is also on our Board, has visited India three times during the last 12 months and has spent almost two months in this country. I am very glad he is present amongst us today and I take this opportunity of personally thanking him on your behalf and mine for his wise counsel and able guidance.

Conclusion

It remains for me only to thank our employees for their continued co-operation. All of them have had to work in somewhat difficult conditions, particularly those at Calcutta owing to continual disturbances there and the neighbouring areas.

Note: This does not purport to be a record of the proceedings of the Annual General Meeting.

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BANQUE NATIONALE DE PARIS

(Incorporated in France with Limited Liability)

(INDIAN BRANCHES)

BALANCE SHEET AS AT 31st DECEMBER, 1970

[illegible]

Note—The Balance Sheet has been prepared in conformity with Form 'A' of the "Third Schedule" to the Banking Regulation Act, 1949.

Schedule of Particulars of Advances required by the Banking Regulation Act, 1949 (Act X of 1949)
Attached to and forming part of the Balance Sheet as at 31st December, 1970

Previous Year	PARTICULARS	Rs	P.	Previous Year	PARTICULARS	Rs	P.
Rs.	(i) Debts considered good in respect of which the banking company is fully secured	Rs	P.	Rs	(v) Debts due by the directors or officers of the banking company or any of them either severally or jointly with any other persons	Rs	P.
3,21,68,325		4,57,40,740	83	67,729	(vi) Debts due by companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	61,612	5
67,78,633	(ii) Debts considered good for which the banking company holds no other security than the debtors' personal security	1,32,58,658	60	Nil	(vii) Maximum total amount of advances, including temporary advances granted during the year to directors or managers or officers of the banking company or any of them either severally or jointly with any other persons	Nil	
67,78,656	(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	1,45,55,160	45	80,105	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the banking company are interested as directors, partners or managing agents or, in the case of private companies, as members	75,069	00
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil		Nil	(ix) Dues from banking companies	Nil	
5,07,65,614		7,85,84,559	88	4,77,051		5,25	

BANQUE NATIONALE DE PARIS—Contd.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1970

Previous Year	EXPENDITURE	Rs	P	Previous Year	INCOME	Rs	P
Rs.				Rs.	(Less provision made during the year for doubtful Debts and other usual or necessary provisions)		
18,50,705	1. Interest paid on Deposits, Borrowings, Head Office, Foreign Branches Accounts, etc.	23 26 813	01	42 72 100	1. Interest and Discount including from Head Office and Foreign Branches (includes Rs 12 766 38 in respect of previous year)	59 13 720	84
28 58 011	2. Salaries and Allowances and Provident and Pension Funds (includes Rs 1,02,776 55—Previous year Rs 1 91 617 being Bonus in respect of previous year)	32 38 704	17	16 90 164	2. Commission, Exchange and Brokerage (including Rs 1,04 717 49 relating to previous years)	19 20 897	48
3,400	3. Directors' and Local Committee Members' Fees and Allowances	2 000	00	99 600	3. Rents	98 400	00
4 80 931	4. Rent Taxes, Insurance, Lighting, etc (includes Rs 17,045 in respect of previous year)	5 02 075	49		4. Net Profit on Sale of Investments Gold and Silver Land Premises and other Assets (not credited to Reserves or any particular Fund or Account)	14 125	00
22 938	5. Law Charges	20 378	12	59 080	5. Net Profit on Revaluation of Investments Gold and Silver Land Premises and other Assets (not credited to Reserves or any particular Fund or Account)		
95 416	6. Postages, Telegrams and Stamps	99 597	06	10 913	6. Income from Non Banking Assets and Profit from Sale of or dealing with such Assets		
18,000	7. Auditors' Fees	1 000	00	19 511	7. Other Receipts		
123 850	8. Depreciation on and Repairs to the Banking Company's Property	1 54 280	25	1 36 735	8. Loss		
116,118	9. Stationery, Printing, Advertisements etc	116 340	43				
Nil	10. Loss from sale of or dealing with Non Banking Assets	Nil					
9 80 221	11. Other Expenditure (including Income Tax Provision and Head Office Supervision Charges) (includes Rs 2,071 56 in respect of previous year)	11 47 796	55				
Nil	12. Balance of Profit	1 2 161	5				
65 07 199	Total	71 4 091	84	65 07 140	Total	70 4 061	88

The Profit and Loss Account has been prepared in conformity with Form B' of the Third Schedule to the Banking Regulation Act, 1949

Notes

- The amount of bonus payable to Staff has not been fully provided for
- Dividend income on ordinary shares held by Head Office does not appear in these Accounts
- Remuneration to Manager of Principal Office in India —

	This Year		Previous Year	
	Rs.	P.	Rs.	P.
Salary and Dearness Allowance	50	112	48	700
Bonus	10	022	10	170
Contribution to Pension and Provident Funds (subject to approval of Reserve Bank of India)	16	685	19	971
Other Allowances	17	700	17	700
Money value of other Benefits or Perquisites (including value of the benefits for the use of furnished accommodation and a car (calculated according to the Income tax Rules))	34	378	15	418
Total	Rs	1 24 878	1	19 548

- The liability for future payments of gratuity to Staff amounts to Rs 3 21 968 (net of tax) against which there is a provision of Rs 2 51 000 only in the Accounts
- Premises include shares in Housing Societies of Rs. 5 07 500 on which consequently no depreciation has been provided
- Fixed Assets had been re-instated in the year 1969 in the books of the Indian Branches of the Bank as at 1st January 1969 by adopting a rate in respect of premises and income tax written down value in respect of furniture and fixtures
- Previous year's figures have been regrouped wherever necessary to make them comparable with those of this year

For BANQUE NATIONALE DE PARIS,
Y. GUILLET DE LA BROUSSE,
Manager

BOMBAY, 13th May, 1971

REPORT OF THE AUDITORS

We have audited the foregoing Balance Sheet of the Indian Branches of Banque Nationale de Paris as at 31st December 1970 and the Profit and Loss Account of the Indian Branches of the Bank for the year ended on that date in which we incorporated the returns of the Calcutta Branches of the Bank audited by other auditors and report that —

- We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purposes of our audit
- In our opinion proper books of account as required by law have been kept by the Bank as far as appears from our examination of these books and proper returns adequate for the purposes of our audit have been received from the Calcutta Branches.
- The Balance Sheet and Profit and Loss Account of the Indian Branches of the Bank dealt with by this report are in agreement with the books of account and the audited returns.
- The report on the accounts of the Calcutta Branches audited by other Auditors has been forwarded to us and this has been considered in preparing our report.
- In our opinion, and to the best of our information and according to the explanations given to us the said account is a true and correct statement of the affairs of the Bank as at 31st December, 1970, and the Profit and Loss Account gives a true and fair view of the Profit of the Indian Branches for the year ended upon that date.

C. C. CHOKSHI & CO.,
Chartered Accountants.

POMBAY 13th May 1971

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HINDUSTHAN MERCANTILE BANK LIMITED

DIRECTORS' REPORT

To

THE SHAREHOLDERS,

HINDUSTHAN MERCANTILE BANK LTD.

The Directors submit their Annual Report with Audited Accounts of the Bank for the year ended 31st December, 1970.

During the period under review the gross earnings of the Bank amounted to Rs 23,84,777 46 P. After meeting expenses which amounted to Rs 23,78,014 06 P the net profit for the year came to Rs 6,763 40. Add amount brought forward from previous financial year Rs 19,077 35.

Total .. Rs 25,840 75

which amount the Directors recommend be disposed of as under:

(1) Transfer to Reserve Fund 4,000 00
(2) Contingency Reserve (Gratuity) 10,000 00
(3) To carry forward 11,840 75

Total .. Rs 25,840 75

The business of the Bank during the year 1970 and the results achieved can be termed as satisfactory in the face of interest in establishment charge alone to the tune of about Rs 2,35,000 00 P. In which is included a sum of Rs 1,60,000 00 P was called upon to bear in implementation of 2nd Bipartite Settlement. The Directors are hopeful that during the current year improved working will be recorded.

The Directors are glad to report that in order to implement the provisions of Banking Regulation Act, 1949, Sri Vinayak Mehrotra was appointed as a whole time Chairman and Chief Executive Officer of the Bank for a period of one year with effect from 22nd October, 1970.

Sri M. I. Jalan served as Chairman of the Bank since 1947 and the Board of Directors places on record its deep sense of appreciation of services rendered by him during his Chairmanship.

The Directors have the pleasure to report that Sri Sohanlal Gupta was co-opted as a Director of the Bank on 8th June, 1970, to represent the special interest "Small Scale Industry". He ceased to be a Director on 4th August, 1970, as he did not get the qualification shares. He was again co-opted as a Director of the Bank on 7th January, 1971.

The Directors further report that Sri B. N. Chikarmane, Assistant Chief Officer, Department of Banking Operations and Development, Reserve Bank of India, has been appointed by the Reserve Bank of India as an additional Director of the Bank under Sub-section (1) of Section 86A of the Banking Regulation Act, 1949 (10 of 1949) for a period of one year from 10th February, 1971, and Sri B. K. Jain, whose extended term expired on 10th February, 1971.

The resignation of Sri Mahavirprasad R. Morarka, a Director of the Bank was accepted by the Board on 21st April, 1971, with regret. The Board placed on record its appreciation of the valuable services rendered by him to the Bank.

In terms of Clauses 90 and 91 of the Articles of Association (1) Sri Mohan Kumar Mookerjee and (2) Sri Himmat Singh Jain Directors of the Bank retire by rotation and (3) Sri Sohanlal Gupta Director of the Bank retires under Section 260 of the Companies Act, but being eligible offer themselves for re-election.

The Directors place on record their appreciation of the services rendered by the Chairman, Officers and other members of the staff at Head Office and branches and also take the opportunity of recording their appreciation and gratitude to the depositors, clients and shareholders for their continued support and co-operation.

The Shareholders are requested to appoint Auditors for the ensuing year and to fix their remuneration.

By Order of the Board,

S. N. MEHROTRA

Chairman

CALCUTTA 28th April 1971

BALANCE SHEET AS AT 31st DECEMBER, 1970.

Figures as at 31.12.1969 Rs	CAPITAL AND LIABILITIES	Rs	P	Rs	P	Figures as at 31.12.1969 Rs	PROPERTY AND ASSETS	Rs	P	Rs	P	
2,00,00,000	1. Capital -			2,00,00,000	00		1. Cash -					
	AUTHORIZED CAPITAL -						In hand and with Reserve Bank and State Bank (including Foreign Currency Notes)			31,46,645	87	
1,00,00,000	2,00,000 Shares of Rs 100 each											
80,00,000	ISSUED AND SUBSCRIBED CAPITAL -			1,00,00,000	00	47,01,264	2. Balance with Other Banks -					
	1,00,000 Shares at Rs 100 each						(i) In India -					
5,00,000	AMOUNT CALLED UP			50,00,000	00		On Current Account			11,59,087	00	
30,000	1,00,000 Shares at Rs 50 per Share						(ii) Outside India				11,59,087	00
10,000												
5,40,000	2. Reserve Fund and Other Reserves			5,40,000	00	1,31,473	3. Money at Call and Short Notice				34,00,000	00
	(a) Reserve Fund			40,000	00							
	(b) Contingency Reserve			10,000	00							
	(c) Special Reserve											
				5,40,000	00	5,00,000						
	3. Fixed Deposits and Other Accounts											
04,29,381	Fixed Deposits (including Staff Security Deposits and Short Term Deposits)			7,11,037	18							
32,97,953	Savings Bank Deposits			18,20,015	21							
1,27,11,053	Current Accounts, Contingency Accounts, etc.			1,46,74,595	27							
2,24,89,287				2,57,05,647	66	41,50,075	4. Investments (at cost) -					
	4. Borrowings from Other Banking Companies, Agents, etc. -						(i) Securities of the Central and State Governments and other Trustees' Securities including Treasury Bills of the Central and State Governments			65,96,100	00	
	(i) In India -						(ii) Shares -					
	(a) Secured by part of investments as per contra						Fully paid up Preference Shares			6,872	50	
	(b) Unsecured						Fully paid up Ordinary Shares			57,087	47	
	(ii) Outside India									63,959	97	
5,86,113							(iii) Debentures or Bonds			2,00,000	00	
	5. Bills Payable						(iv) Other Investments (Unit Trust of India)			50,000	00	
41,24,708	Bills for Collection being Bills Receivable as per contra			28,16,140	43		(v) Gold					
	(i) Payable in India			1,15,000								
	(ii) Payable outside India											
2,66,868				28,25,284	42	42,65,920					69,10,069	97
	7. Other Liabilities											
	Branch Adjustments											
8,08,403				5,05,841	42							
	8. Acceptances, Endorsements and other Obligations per contra (against Bank's Investments of Rs 2,00,000)											
				7,70,252	66							
	9. Profit and Loss -											
11,956	Balance Profit as per last Balance Sheet			10,077	75							
	Add: Profit for the year brought from the P & L Account (Subject to Taxation)			6,763	40							
27,001				16,840	75	1,27,80,281	I Loans, Cash Credits, Overdrafts, etc. -					
38,077												
	Less - Appropriations -						(i) In India			1,51,84,815	19	
	(a) Reserve under Section 17 of the Banking Regulation Act			4,000	00		(ii) Outside India					
	(b) Towards Income Tax			10,000	00					1,51,88,815	19	
	(c) Contingency Reserve											
19,077				14,000	00	10,11,818	II Bills Discounted and Purchased (excluding Treasury Bills of the Central and State Governments) -					
							(i) Payable in India			16,34,512	10	
	10. Contingent Liabilities -						(ii) Payable outside India					
	(i) Claims against the Banking Company not acknowledged as debts			12,861	62					16,34,512	10	
	(ii) Guarantees given on behalf of customers (against part of which Bank's Investments of the Face Value of Rs 2,21,000 00 are deposited)			4,06,602	52	1,38,01,099						
	(iii) Income Tax Liabilities of approximately Rs 1,60 Lakhs arising as a consequence of Income Tax assessments etc. made and not accepted by Company pending appeals					1,18,63,365	PARTICULARS OF ADVANCES -					
	NOTE - (1) Provision Rs 50,000 (approximately) for Bonus for the year 1970 has not been made as it is charged in the year of actual payment as per past practice					3,47,427	(i) Debts considered good in respect of which the Banking Company is fully secured			1,63,04,161	23	
	(2) Provision in full for gratuity accruing on retirement of staff has not been made. Total liability in respect whereof is estimated at approximately Rs 5,40 Lakhs by the management					15,90,307	(ii) Debts considered good for which the Banking Company holds no other security than the debtors' personal security			2,65,894	84	
	(3) Figures of previous years have been regrouped wherever necessary.						(iii) Debts considered good, secured by the personal liabilities of one or more parties in addition to the personal security of the debtors			1,88,771	72	
							(iv) Debts considered doubtful or bad not provided for					
8,87,84,541	Carried forward .. Rs.			8,87,84,541		2,81,01,761				2,81,01,761		

HINDUSTHAN MERCANTILE BANK LIMITED—(Continued)

BALANCE SHEET AS AT 31st DECEMBER, 1970.—(Contd.)

Figures as at 31-12-1969 Rs.	CAPITAL AND LIABILITIES—(Contd.)	Rs.	P.	Figures as at 31-12-1969 Rs.	PROPERTY AND ASSETS (Contd.)	Rs.	P.	Rs.	P.
8,37,84,641	Brought forward	Rs.		3,59,14,500 08	Brought forward	Rs.		2,14,34,190.18	
					(v) Debts due by Directors or officers of the Banking Company or any of them either severally or jointly with any other persons	989			
					(vi) Debts due by Companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or in the case of private companies, as Members	1,55,985			
					(vii) Maximum total amount of advances including temporary advances made at any time during the year to Directors or Managers or Officers of the Banking Company or any of them either severally or jointly with any other persons	1,017		1,015 15	
					(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the Banking Company are interested as Directors, Partners or Managing Agents or in the case of private companies as Members	1,71,467 17 90			
					(ix) Due from Banking Companies			68 156 98	
					6. Bills Receivable Being Bills for Collection as per contra				
					(i) Payable in India	41 21 799		28 16 130 43	
					(ii) Payable outside India	Nil		1,124 00	
					7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra (Against Bank's Investment of Rs. 1,00,000)	8 03 403		28,24 254 43	
					8. Premises Less Depreciation	Nil			
					9. Furniture and Fixtures Less Depreciation (including vehicles)				
					Cost less deductions as per last Balance Sheet	3,72 553 775		3 73 171 87	
					Additions during the year	3,78 328 150		5 546 90	
					LESS—Deductions during the year	3,73 172 8 18, 67		3,78 719 77	
					LESS Depreciation written off to date	54,405		575 80	
					10. Other Assets, including Silver—				
					Interest accrued and outstanding on Investments, etc.	75,292		1 10,985 54	
					Income tax deducted at source	3 05 051		3 47 757 33	
					Advance payment of Income Tax	2 61,888		2,92 670 62	
					Stationery and Stamps	57 470		77,891 59	
					Library (at cost less depreciation)	428		440 15	
						7,00,179			8,20,551.23
					11. Non-Banking Assets Acquired in Satisfaction of Claims	Nil			
					12. Profit and Loss	Nil			
8,37,84,641	Total .. Rs.			3,59,14,500 03	Total .. Rs.			8,59,14,500.08	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1970.

Figures for the Previous Year	EXPENDITURE	Rs.	P.	Figures for the Previous Year	INCOME	Rs.	P.
4,98,416	1. Interest paid on Deposits, Borrowings, etc.	5,26,880 66		15,92,628	1. Interest and Discount	18,59,459 59	
14,00,888	2. Salaries and Allowances and Provident Fund	16,35,048 83		4,39,230	2. Commission, Exchange and Brokerage (including service charges etc.)	4,98,888 49	
908	3. Directors' Fees	1,000 00			3. Rents		
76,702	4. Rent, Taxes, Insurance, Lighting, etc.	72,757 01			4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets	23,197 00	
8,563	5. Law Charges	8,688 00			5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets		
24,730	6. Postages, Telegrams, Stamps and Telephone	28,859 02			6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets		
4,000	7. Auditors' Fees	4,000 00		1,01,536	7. Other Receipts	8,295 08	
10,891	8. Depreciation on and Repairs to the Banking Company's Property	18 683 52			8. Loss		
47,498	9. Stationery, Printing, Advertisement etc.	48 834 60					
	10. Net Loss on Sale of Investments			8,045			
	11. Loss from Sale of or Dealing with Non-Banking Assets	43 353 42					
41,785	12. Other Expenditure	6,793 40					
27,091	13. Balance of Profit (subject to Taxation)						
21,41,439	Total .. Rs.	28,84,777 46		21,41,439	Total .. Rs.	23,84,777 46	

* NOTE —

Previous year	Payments to —	Manager, Head Office	Chairman
Rs.	Rs.	Rs.	Rs.
6,325	(a) Salary	5 516 12	8 483 57
5,996	(b) Allowances	3,967 78	
385	(c) Contribution towards P.F.	344 79	217 75
360	(d) Bonus	360 00	
13,066		10,188 64	3,701 02**

** Subject to approval of Central Government under Section 108 (4) of the Companies Act, 1956. The above accounts have been drawn up in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949.

In terms of our Report of even date annexed herewith.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the annexed Balance Sheet of Hindusthan Mercantile Bank Limited as at 31st December, 1970, and also the annexed Profit and Loss Account of the Bank for the year ended on that date, in which are incorporated the returns of the branches audited by us.

We report that:—

(a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;

(b) The transactions of the Bank which have come to our notice have been within the powers of the Bank;

(c) In our opinion, proper Books of account as required by law have been kept by the Bank so far as appears from our examination of those Books, and proper returns adequate for the purpose of our audit have been received from the branches of the Bank;

(d) The Bank's Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and returns;

(e) In our opinion, and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required for banking companies in so far as such banks the said Balance Sheet gives a true and fair view of the state of the affairs of the Bank as at 31st December, 1970 and the Profit and Loss Account gives a true and fair view of the Profit for the year ended on that date.

LODHA & CO.
Chartered Accountants.

14, GOVERNMENT PLACE EAST,
CALCUTTA-1, 26th April, 1971

A. C. DEB ROY,
Accountant.

N. MEHROTRA Chairman
M. J. JAIN,
M. K. MOOKERJEE,
H. B. JAIN,
P. L. KLEHA,
S. J. GUPTA,
B. N. GUHARMAHA,
Directors.

RAILWAY BUDGET 1971-72

Railways still in the red

The Minister of Railways, Mr K. Hanumanthaiya's budget speech in the Lok Sabha on May 24

THE interim budget presented in the month of March revealed that the revised estimates for the year 1970-71 would have a shortfall of Rs 23.69 crores. The final figures of the year would be available in August on the accounts for the year being closed. However, preliminary actuals of earnings and of expenditure for the year are running close to the revised estimates. The emerging financial picture indicates a shortfall of about Rs 23.88 crores, the marginal variation being about Rs 19 lakhs from the revised estimates.

In the two months of February and March 1971, loadings continued to lag behind the corresponding months of 1970. The level of revenue-earning goods traffic for 1970-71 was then apprehended to be less by about 4.3 million tonnes than the actuals of 1969-70. The shortfall is likely to increase to about 5.2 million tonnes. But the adverse swing has been more than neutralised by longer lead of freight traffic and a larger proportion of high-rated traffic. It is estimated that goods earnings may show an additional income of Rs 3.31 crores. Income from "passengers" and "sundries" has shown shortfalls of Rs 3.87 crores and Rs 2.45 crores respectively. But they have been almost made good by increases of Rs 2.61 crores under "other coaching" and of Rs 3.31 crores under "goods." The total gross earnings would be Rs 1,006.40 crores as compared to Rs 1,006.80 crores shown in the revised estimates. The gross traffic receipts now stand at Rs 1,001.93 crores, as compared to Rs 1,004.00 crores envisaged in the revised estimates.

Gross earnings are almost the same as anticipated in the revised estimates. But gross receipts have got reduced by Rs 2.07 crores, due to earnings awaiting realisation. Ordinary working expenses, however, would be less than the revised estimate of Rs 731.76 crores by Rs 1.35 crores. The miscellaneous expenditure including "open line works revenue," is expected to show a reduction of about Rs 52 lakhs. Appropriation to the depreciation reserve fund, the pension fund, and the dividend to general revenues remain the same. The budget estimates for the current year presented in March, were based on the revised estimates of the last year and on the then existing level of fares, freights and expenses. The latest traffic trends in April are slightly adverse. But no change seems to be necessary in the budget estimates. The total gross traffic receipts at the present levels of fares and freight rates have, therefore, been kept at Rs 1,044.00 crores, that is, about Rs 42 crores more than the approximates for 1970-71. Similarly, the estimate of working expenses in the budget estimates, holds good.

The railways, therefore, are faced with a shortfall of Rs 33.12 crores for 1971-72 as shown in the interim budget. It was envisaged in the interim budget that the indebtedness, of the railways to the general revenues at the close of 1971-72 would amount to Rs 153.6 crores. It was foreseen that the financial position of the current year would be worse by nearly Rs 95 crores as compared with that of 1970-71. The prospects of the year do not seem to have improved since March. The total gross traffic earnings during April 1971 are short by Rs 1.63 crores over the proportionate budget target of Rs 86.89 crores. If this trend continues, it may not be possible to reach the level of earnings stated in the interim budget. The Eastern and South-eastern Railways which account for 60 per cent of the tonnage carried by the Indian railway system as a whole and hold 40 per cent of the total number of broad-gauge wagons, continue to cause anxiety. Their very functioning has been hampered by daily dislocation of train services. Thefts of overhead traction wire, theft of telecommunication cables and equipment, attacks on trains and staff, organised looting of wagons and luggage vans, large-scale thefts of wagon fittings and track fittings, have become the order of the day.

On Eastern Railway alone, during the first three months of the current year, there were as many as 155 cases of theft of overhead electric wire, 369 cases of theft of telecommunication cables and equipment, 305 cases of attack on trains, 39 cases of attack on stations and 33 cases of assault on railway staff. Hundreds of wagons remain immobilised due to theft of brake beams, bearings and other fittings. Goods trains have had to be stopped for several hours a day in the busy sections in the eastern region due to the theft of overhead wires. The two railways should normally have loaded a minimum of 6,500 coal wagons daily in the Bengal and Bihar coalfields. In the last few months they have hardly been able to load 5,500 coal wagons. It is therefore, that coal supplies to industry, power generation brick kilns have been so unsatisfactory. The movement of foodgrains has also been affected.

It is not the number of wagons but their mobility that is now pertinent. The mobility of wagons has to be smooth and speedy. The wagon should not get stuck in large numbers, especially in the busy areas like Calcutta region. Efficient operation requires 30 goods trains to run every day from Calcutta to Andal and another 30 from Andal to Calcutta. These trains run mostly at night, because large numbers of suburban and non-suburban passenger trains have to run during the day. Each theft of overhead wire causes an interrup-

tion in service of about 4 to 4½ hours. This time is required for the repairing team to go to the spot with their special equipment and reconnect the 25,000 volt contact line and the catenary. Since there are at least two thefts occurring daily in these areas, the House can imagine the extent of interruption that is caused to the running of the goods trains.

The Hon'ble Members who are the guardians of national interests have to see how compelling is the necessity to take relentless measures to restore normalcy. These measures have to be preventive as well as punitive. Armed Railway Protection Force units have been already deployed in the specified pockets for intensive patrolling of the track. I have been requesting the Chief Ministers of West Bengal and Bihar to help and co-operate in effectively putting down these organised thefts and violence. I have been discussing with my colleagues in the other Ministries for co-ordinating the needed efforts. I want in particular the help and co-operation of the concerned trade unions. This cumulative and comprehensive move on the part of all of us has become imperative. In the coming months, we have planned to meet as often as required to combat the menace which is turning out to be the enemy internal.

Financial performance of railways suffers from certain other handicaps. I seek your indulgence to explain some of them. The railway finances are muled with some social burdens. Rs 8 crores is the annual loss sustained by the railways on unremunerative branch lines. The loss on passenger traffic is of the order of Rs 59 crores. The railways run 5,200 passenger trains and carry 6.6 million passengers a day. But the income from passenger traffic is not sufficient to cover its expenses. The passenger fare is below cost and it is virtually enjoying a subsidy.

The suburban travellers in the three cities of Bombay, Calcutta and Madras who hold cheap monthly and quarterly season tickets have the benefit of Rs 12 crores of the said sum of Rs 59 crores. The preponderance of low-rated and bulky commodities like coal, ores, stone, cement, fertilisers, foodgrains and salt in the mix of the revenue earning traffic is getting accentuated. The originating tonnage of these commodities increased by 60 per cent between 1960-61 and 1969-70, while traffic in the rest of the commodities increased by only 16 per cent.

In 1969-70, this group of commodities accounted for about 73 per cent of the total revenue earning tonnage but contributed only 53 per cent of earnings from goods carried. The loss in the transport of foodgrains and pulses alone comes to Rs 17.5

crores, that on coal to Rs 12.0 crores, that on fodder and oilcakes to Rs 5.8 crores, that on ores to Rs 3.9 crores. The total loss on the transport of all these and other bulk commodities came to Rs 52 crores in 1970-71. Naturally the aggregate railway earnings have not increased proportionately with the originating tonnage. The Hon'ble members will agree with me that if railways are to become financially viable again, the profitability of the bulk traffic carried should be ensured. These may be termed as social responsibilities and the railways being a public undertaking has to bear its share. Even so there is room for re-thinking on the extent of this share. Railway income must be able to meet the annual expenditure.

The downward trend in railway finances started from 1964-65. The liability for development fund works could not be met fully from that year nor the full annual dividend liability to the general exchequer from 1966-67. The railways, in consequence, had to draw upon their revenue reserve fund and later resort to borrowings from general revenues to meet their obligations. The costs of operation are annually increasing, creating a big lag between the income realised from freight rates and passenger fares on the one hand and the working expenses on the other. The expenditure on staff which accounts for 60 per cent of the working expenses has gone up by 72 per cent since 1963-64. The price of coal has gone up by 47 per cent, that of electricity and diesel oil by approximately 27 per cent each in the same period. Their cumulative effect has pushed up the weighted index of cost of operation by 60 per cent. The fact of the position is that all the increases we have effected during this period in passenger fares and in freight rates have been 19.6 per cent and 22.7 per cent, respectively.

The House will therefore see that the railways recover 36.0 per cent only of the increase in their cost of operation. Hon'ble members are aware that the interim relief awarded by the third pay commission has increased the pay bill of the railways by Rs 36 crores per year. The daily allowance admissible to Government employees has also been subsequently enhanced. This has resulted in an additional expenditure of Rs 13 crores on daily allowances and running allowances for engine drivers, guards and firemen. The total of all these increases amounts to over Rs 49 crores in the annual wage bill during the last 12 months alone. In fact, the cost of staff which has been steadily going up every year has more than doubled itself from Rs 205 crores in 1960-61 to Rs 465 crores in 1970-71.

Proposals

The Hon'ble members will appreciate that these factors and figures have to be so improved as to put the railway finances on an even keel. The proposals I am proceeding to make will neither be a big burden, nor adversely affect our economy. May I now, with your permission, proceed to outline my proposals? It is proposed to raise by one step the freight classification of commodities now charged at class levels 45 and below. But the foodgrains and certain export iron ores from Kiriburu and Bailadilla will be exempted. Commodities now charged at Class 25 (for wagon loads) which is the lowest class, will now be

charged at Class 27.5, those charged at Class 27.5 will be charged at Class 30 and so on up to commodities grouped under Class 45, which will be charged at 47.5.

This would broadly mean an increase in rates of 8.9 per cent in respect of commodities now charged at Class 25, the increase gradually getting reduced to 5.3 per cent only for commodities now charged at Class 45. These low-rated commodities account for the bulk of the losses. The classifications for "smalls," that is, consignments less than wagon loads will be correspondingly refixed. This proposal would bring in an extra revenue of Rs 13.70 crores for the full year. Coal traffic has a separate scale of charges. Coal forms about 30.5 per cent of the originating traffic but accounts for only 19.9 per cent of the total earnings. The cost of haulage of coal is covered up to a lead of 550 kms only at the existing level of rates. No change was effected in the coal rates up to distances of 800 kms in the last revision of freight rates. The position is that the movement of this commodity for distances beyond 550 kms has now become uneconomic.

I propose, therefore, to increase the freight rates for coal and coke in such a manner that the charges cover costs up to about 1,000 kilometres. The gap between the costs and the rates beyond this distance will get slightly reduced. I, however, propose to give an incentive to encourage train load despatches as well as off-season movements. There will be a freight discount of 2 per cent for all distances if the traffic in coal is offered for movements in trainloads from one station to one destination station on a single forwarding note. There will also be a rebate in the freight rates for coal offered for movement for 500 kms and above during the slack season, that is, during the months of June to September. This rebate will vary from 50 paise per tonne for distances beyond 500 kms to Re one per tonne for distances beyond 1,500 kms. The proposal is expected to yield, after allowing for the discount and rebate, and extra revenue of Rs 6.5 crores for the full year. Even at the revised rates, the loss on the transport of coal will be Rs 5.5 crores.

I propose next to step up the rates for categories of iron and steel falling under freight classifications division "A" and division "B" by placing them at a class one step higher than at present. In other words, categories of iron and steel like rope wire, wire net, hammers, hinges, which are at present charged at Class 80 (wagon loads) will be charged at Class 82.5. Iron and steel materials like bars, rods, plates which are now being charged at Class 67.5 will be charged at Class 70. As at present, the "smalls" classifications will be refixed to bear the same relationship with the corresponding wagon load classifications. This increase is expected to yield an additional revenue of Rs 1.6 crores. These new freight rates will bring in a total revenue of about Rs 21.80 crores in a full year. But the total revenue deficit is Rs 33.12 crores. The gap has to be closed and in doing so I have no alternative but to raise the passenger fares, spreading the burden on all passengers. There has been no increase in third class passenger fares for the last three years even though the costs of operation have increased by 15 per cent.

I propose the increase in passenger fares not on a full scale but on a very modest scale. There will be no change in any

class of travel for the first 15 kms nor in respect of season tickets. For distances between 16 and 30 kms it is proposed to increase the third class ordinary fares by five paise per ticket and the third class mail and express fares by 15 paise per ticket; for distances between 31 and 50 kms by 10 paise and 20 paise respectively for third class ordinary, and mail/express travel, and so on. The maximum increase in a third class ordinary ticket will be only 25 paise for all distances above 200 kms and in a third class mail or express ticket Re one only for all distances above 1,000 kms. Thus a third class express ticket from Delhi to Bombay or Calcutta or Madras or a longer distance will cost only one rupee more, which the honourable members will agree is minimal. The proposed increases in third class fares (ordinary and mail/express) are anticipated to produce an extra revenue of Rs 11.60 crores.

The fares for upper class travel, including third class air-conditioned chair car, are being enhanced at proportionately higher rates, the increases varying from 50 paise for the distance zone 16-30 kms to Rs two for distances beyond 1,000 kms in respect of third class air-conditioned chair car and second class (ordinary and mail/express). The maximum increase in respect of first class fares is Rs 3.50 for distances beyond 1,000 kms and Rs seven in respect of air-conditioned first class travel. The extra revenue from changes in the fares of the upper classes is expected to bring in Rs 1.60 crores. A memorandum is being circulated to the honourable members giving the details about the proposals both in respect of freight rates and passenger fares.

All these measures together will bring in a total revenue of Rs 35 crores in a full year. Since the revised rates can take effect only from 1st July of this year, the increase in receipts for the current financial year will be Rs 26.25 crores. This will still leave a deficit of Rs 6.87 crores in the current year. I propose to leave this deficit uncovered in the Budget. The efforts I propose to make along with the railwaymen of all classes from the Chairman of the Railway Board to the last gangman, to effect economy and improve efficiency will be directed to wipe out this deficit. I hope to succeed with your goodwill and co-operation.

I have already initiated action to improve the working of the Railways so as to achieve better realisations in earnings and at the same time economies in expenditure. I have recently had personal discussions with the general managers of all the zonal railways. I have formulated general guidelines as well as specific financial objectives for the year. I have every confidence that the zonal railway administrations will do their best to fulfil the objectives. I have found cost consciousness growing at all levels in the railway hierarchy and a transparent earnestness to maximise earnings and reduce expenditure. Given normalised conditions of working, there is reason to be optimistic that the uncovered deficit will be met by our extra efforts.

The Railways' Fourth Five Year Plan as originally formulated, envisaged 264.7 million tonnes of originating goods traffic during the last year of the Plan in 1973-74. The Plan had forecast 212.35 million tonnes in the first

year, that is, 1969-70, but the actual materialisation was only 207.9 million tonnes. With this, the target for 1970-71 was revised from 224.6 million tonnes to 217 million tonnes in the Budget presented in February 1970. Even this anticipation was upset because of the deterioration in the law and order situation, strikes and bundhs in the industrial belt of the country and the difficulties in the working of the steel plants both in the public and private sectors. The actual traffic for the year 1970-71 was 199 million tonnes—that is, a fall of 18 million tonnes. It, therefore, became necessary to review and to scale down, in consultation with the Planning Commission, the physical targets from 265 million tonnes to 240.5 million tonnes. The Plan outlay was also reduced from Rs 1,525 crores to Rs 1,275 crores. Steps have consequently been taken to cut down investments.

The Plan outlay for 1971-72 has, accordingly, been reduced from the original figure of Rs 308 crores, on works, machinery and rolling stock to Rs 280 crores, in the Interim Budget. The zonal railways were directed to reduce inventories and expeditiously dispose of scrap and released material, thereby eliminating as much dead capital as possible. Much of the developmental expenditure on line capacity works and electrification in the earlier Plans was incurred in the eastern coal-steel belt area. The traffic pattern having changed, we have now to develop the north-south routes covering three zones, the Delhi-Bombay and the Bombay-Ahmedabad routes of the Western Railway and the Jolapettai-Olavakkot section of the Southern Railway. As the House is aware, the mid-term appraisal of Fourth Plan is

in progress. We are having three new steel plants and naturally, they require synchronous development of the railways to serve them. It is also likely that as a result of the revival of the economy, there may be an upsurge in the traffic demands in various parts of the country. We are constantly and continuously reviewing the position in consultation with the Planning Commission and the Economic Ministries concerned.

The Railway Plan is a flexible one and as and when new works are needed by traffic demands, the necessary resources will have to be found. I shall now dwell on a few important aspects of railway working which deserve your consideration.

Gauge conversions

Informed public opinion is insistent on one gauge for the Indian railways. The Administrative Reforms Commission, in their report on the railways, have stated that the multiplicity of gauges, presently in use, is irrational and wasteful. Uniformity of gauge ensures a smooth flow of traffic, increases transport capacity and reduces operating costs. The cost of operation on the metre gauge works out to 50 per cent more than that on the broad gauge for traffic above certain densities. The cost of handling at the break-of-gauge transshipment points is also heavy, being over Rs three per tonne. Besides, the much-complained-of thefts—pilferages and damages generally take place at transshipment points.

The British inflicted the multi-gauge system on India, though in their own country, they strictly adhered to a uni-gauge system. Nor has any other advanced country got the multi-gauge system. The existing four gauges are an economic drag on the progress of India. This drag has to be done away with as soon as possible. To begin with, we have to make at least a policy decision that no more metre gauge and narrow gauge lines will be built, that every new line should be broad gauge and that from now on, the gradual conversion of metre gauge lines to broad gauge should begin. I quite understand, that an outright conversion of the entire smaller gauge systems into broad gauge is not practicable. It is estimated to cost about Rs 2,000 crores on line construction and another Rs 2,000 crores for broad gauge rolling stock. But the baffling unemployment problem facing the country could be solved to a great extent by undertaking this mighty task. It will presently create great employment opportunities and bestow on the nation permanent assets.

The Indian railways have drawn up a 15-year perspective plan of converting about 3,000 route kilometres to broad gauge. The civil works connected with this project are estimated to cost about Rs 175 crores. Rs 15 crores are included in the current plan for the purpose, out of which Rs 7.53 crores have been spent. Railways have undertaken surveys for a number of conversion projects in various parts of the country. Of the survey reports completed and received, the following projects are likely to satisfy the financial criteria. These lines are: (1) Guntakal-Bangalore; (2) Ernakulam-Trivandrum sections of the Southern Railway; and (3) Viramgam-Okha and Kanalus-Porbunder sections of the Western Railway. Some further data and clarifications have been called for from the railways con-

cerned and I have directed that the examination of all these projects should be completed within the next three months. I expect that these three projects would prove to be viable even as they are desirable. I hope that it will be possible for me to come up before this House for supplementary demands for implementing these projects.

Instant employment

There are about 41,000 level-crossings in the country. Now and then an accident occurs at one or the other of these level-crossings. Almost all of them entail delays to the road users. The trains, too, have to slow down when approaching level-crossings and to that extent running time gets increased. There are innumerable demands for construction of over/under bridges from all over the country. Each over/under bridge taken up will give employment to about 400 persons for a period of six to nine months. To finance such works, "railway safety works fund" was set up some years ago and is fed by contributions from the railway revenues. The railways will be contributing Rs 2.29 crores in 1971-72 towards this fund and with this the accumulation in the fund will stand at Rs 10.83 crores. Construction of over/under bridges confers three benefits. It avoids accidents, it makes for smooth and speedier running of trains and road traffic and affords immediate relief to the unemployed, skilled as well as unskilled. I, therefore, attach great importance to it and earnestly propose to launch a campaign to build as many over/under bridges as possible. For this purpose I need the co-operation of the State Governments, as the construction cost has to be borne half by the railways and half by the State Governments. We have accordingly addressed the State Governments to this effect.

I will be happy if the entire amount of Rs 10.83 crores is spent this year itself on the construction of over/under bridges. These projects generate immediate employment opportunities to unemployed graduate engineers. Government of India schemes of providing employment will also get added potential. The principal factor in the growth of traffic on the Indian railways has been the movement of bulk commodities like steel, coal, iron ore, manganese ore, cement, etc., and their concentration in a few selected areas and routes. This is a feature which has created special problems for the railways. The important routes of traffic movement began to get saturated under steam traction. The railways, therefore, had to go in for electrification and dieselisation of traction. The diesel and electric traction have distinct advantages over the steam traction, particularly in sections with heavy traffic density. Steam engines have lower speeds and acceleration, less thermal efficiency and hauling capacity. In addition, they require coaling and watering facilities en route. Diesel and electric engines with higher speed, better acceleration, greater hauling capacity and less need for servicing en route are able to achieve improved operation and substantial savings in working expenses.

The change-over, on a congested section, of even a few of the heavier long distance goods trains to diesel operation can bring about sufficient relief and help to defer expenditure on costly line capacity works, like doubling of track.

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Dieselisation can be introduced selectively in successive steps embracing more and more goods services as the traffic builds up. For densities of traffic above 8 to 9 million tonnes per annum, electric traction even with its comparatively heavy initial capital outlay generally becomes cheaper than steam or diesel traction. The diesel locomotive has, however, this advantage over the electric locomotive in that it can be readily moved from one section to another as required. Long-distance goods trains and some 25 pairs of important mail and express trains have been dieselised, covering over 23,000 route-kilometres. The Indian Railways have a phased long-term programme of electrification, which, of course, has to be synchronised with the capacity to produce electric locomotives in the country, the availability of electric power and other required materials.

The House would be glad to know that at present electric traction has been introduced on six out of nine zonal railways, namely, Eastern, South-Eastern, Northern, Central, Western and Southern Railways. During the decade 1960-61 to 1970-71, 3,330 route kilometrage has been electrified. Some of the important sections proposed to be taken up during the Fourth Plan are Virar-Sabarmati on the Western Railway, Waltair-Kirandul and Panskora-Haldia on the South-Eastern Railway, Tundla-Delhi on the Northern Railway and Madras-Vijayawada on the Southern/South Central Railways. These schemes together will electrify 1,758 kilometres and involve an expenditure of Rs 103 crores. We are, however, facing several difficulties in the transitional phase of modernisation. One major difficulty experienced by the Railways in the wake of electrification, as already pointed out, is the large-scale recurring thefts of overhead copper wire and its serious consequences. The development of sophisticated methods of signalling, dieselisation and electrification have raised certain staff problems, in that personnel required to maintain and operate these sophisticated items have to be specially trained and suitably qualified.

As Government has decided that no staff would be retrenched as a result of modernisation, arrangements have been made for retraining and proper placement of personnel in the operation and maintenance of the new and modern equipment. Yet another problem, which is perhaps inevitable in the nature of things, is the existence of multiple traction on the same route during the initial stages of modernisation of traction. The Railways are aware of the advantages of homogeneous traction on a given route and are working towards this end. In this context the indigenous manufacture of broad gauge steam locomotives has already been stopped. The Railways have pressed into service high-capacity broad gauge bogie wagons to meet the rising traffic demands particularly of the bulk commodities. These wagons have a carrying capacity of 55 to 65 tonnes against the 22 tonnes of the conventional two-axle wagons, and enable the running of heavier trains with corresponding increase in throughput. With their introduction, the permissible gross load of freight trains has increased from about 2,200 tonnes to about 3,650 tonnes, that is, by nearly 65 per cent. To ensure the maximum utilisation of these high-capacity wagons, they are hauled by multiple diesel or electric locomotives in close circuits.

The Administrative Reforms Commission have, in their report on the Railways, made 49 recommendations. The recommendations are of far-reaching consequence and cover all the important facets of Railway activities. The Commission have emphasised that the Railways, which are owned by the nation as their largest public-sector undertaking, should be enabled to function on sound business and commercial principles within the framework of the policy laid down by the Parliament. Government attach great importance to these recommendations. Some of the recommendations have to be examined at the highest level. So far six recommendations have been accepted fully or with minor modifications. Other recommendations are under various stages of examination.

I am fully conscious of the criticism made against the late running of trains. The punctuality of passenger trains has suffered much this year. The reasons are two-fold. One is the interference the trains suffer at the hands of the wire thieves, the chain pullers, and the political agitators, with their bandhs, dharnas and attacks. The other is the inefficiency of the concerned Railway employees. In the coming year, we have to devise measures and methods for combating interference and punishing inefficiency. Look at the number of cases of alarm chain pulling alone. In 1969, their number was 254,932 and it has grown in the very next year, 1970, to 3,33,911. They are currently as high as a thousand a day.

Continuous efforts are being made to ensure basic amenities at every Railway station, with the resources available. I am glad to inform the House that the work of providing basic amenities like waiting halls, lighting, drinking water, adequate booking arrangements at all the stations on the Indian Railways was completed during 1970-71. Third class sleeper coaches which were introduced in 1954 are now provided in all mail and express trains and certain passenger trains. The total number of third class sleeper coaches in use at present on the Indian Railways is 1,900. The expenditure on passenger amenities has progressively increased from about Rs 24 crores per annum at the beginning of the First Five-Year Plan to about Rs 4 crores per annum in the Fourth Five-Year Plan.

I am sorry, however, to say that amenities provided, like lights, fans and other electrical fittings in the existing passenger coaches, have become the objects of organised thefts. My predecessor, Shri G. L. Nanda, did his best to effect improvement of passenger amenities, fuel economy and elimination of thefts and pilferages at important transhipment points. The public co-operation he initiated deserves to be further secured and augmented. I am aware much more work remains to be done and it will be done.

Concessional return tickets at one and a half times the single journey fares are issued every year since 1951 during the summer months, that is, from April 1 to October 31. The main objective when we started issuing these tickets was to attract traffic to certain hill stations. Till last year this concession was available to some 25 to 40 hill stations from any station from where the chargeable distance is 240 kms or more. The Railways lose about Rs 20 lakhs on account of this concessional

traffic. There is a heavy rush during these months not only for journeys by rail but also for accommodation at the hill stations. Taking all these aspects into consideration, it has been decided to limit these concessions this year to stations situated at a distance of 400 kms or more from the hill stations. We have to see if it is in consonance with economic justice to continue to accord this concession to a limited number and a better off set of people.

Labour relations

The House is aware of the complaint that the management and labour could do better. They are undoubtedly doing much. But it is time that they do much more so that our economic progress may gain added speed. The President in his Address delivered to the joint session of Parliament on March 23, 1971, stressed the importance of consulting the leaders of trade unions and management in order to evolve sound industrial relations and to secure increased productivity consistent with a fair deal for labour. Where the means of production are owned by the people and private profit is not the ruling motive, as in the case of the Railways, strikes must be abjured as a matter of principle. The Administrative Reforms Commission has made several recommendations in this regard. Performance and production-oriented labour relations are vital for making the Railways truly a public benefactor. I agree that there should be an adequate machinery for quick redress of grievances and adjudication of disputes between the management and the employees.

The Prime Minister in her inaugural speech at the conference of trade union organisations has said that "... labour is a major participant in the productive process, and the quality and intensity of its efforts are critical in increasing the rate of growth of production and therefore of investment in the economy... the employed, particularly in the organised sector, who enjoy a measure of social security, should recognise that in our country to be employed is in itself a privilege. Hence they should not seek unilateral gains for themselves but have some compassion for those who are willing to work yet are not able to do so because of the comparatively low rate of capital formation in our country..." Her advice is wholesome and timely and has to be followed if we are to ensure economic and social justice embedded in the Constitution. I am happy to acknowledge that the relations with the organised labour during the year have continued to be generally cordial and satisfactory.

The year has been particularly hard and trying for the railwaymen, specially for those directly connected with the movement of trains. Regardless of the considerations of personal safety, all ranks of railwaymen showed exemplary courage and devotion to duty and gave of their best in running the Railways—the "life-line" of the nation. Labour in particular is wedded to the ideal of socialism and rightly so. The overwhelming majority of us are committed to socialism. We have to realise afresh that the success of socialism in our country is interlinked with the success of our public undertakings. The Railways are the biggest of our public undertakings and, therefore, the best means of proving the worth of socialism. □

Background to Railway Budget: 1971-72

By Commerce Research Bureau

THE capacity of the Railways to carry the freight traffic of the economy has to be the starting point of any meaningful discussion of railway finances. As late as in March 1970, the Railway Ministry placed the target for the freight traffic capacity of the railways for 1973-74 at about 265 million tonnes. In line with this target, it was expected that in 1969-70, the first year of the Fourth Plan, originating revenue earning traffic would increase by nine million tonnes. But the actual increase was only three million tonnes.

Again in 1970-71, the second year of the Fourth Plan, an increase of 10.1 million tonnes (from 173.8 million tonnes in 1969-70 to 183.9 million tonnes in 1970-71) in originating revenue earning traffic was anticipated; but the actual performance has recorded a drop of about 5.2 million tonnes.

Table 1: Volume of goods traffic handled by Indian Railways

(In million tonnes)				
Year	Revenue earning goods traffic			
	Budgeted	Actual	Increase over actual in the previous year	
			Budgeted	Actual
1968-69	169.4	170.8	—	—
Fourth Plan				
1969-70	179.8	173.8	9.0	3.0
1970-71	183.9	168.6	10.1	-5.2
1971-72	177.6	—	9.0	—

SOURCES:

1. Ministry of Railways (Railway Board), Directorate of Statistics and Economics, *A Review of the Performance of the Indian Government Railways*, February 1968, 1969 and 1970 and May, 1971.
2. Ministry of Railways, Government of India. Speech delivered by the Railway Minister while presenting the Railway Budget to Parliament, May 24, 1971.

On account of the downward trend in the revenue earning goods traffic (Table 1), the Plan target for 1973-74 has now been reduced from 265 million tonnes to 240.5 million tonnes. In the meanwhile, wagon shortage is being experienced in some parts of the country—particularly in the movement of cement and coal.

Railways in the Fourth Plan

A total Fourth Plan outlay of Rs 1,525 crores was originally approved for the Railways on the understanding that of this outlay, as much as Rs 940 crores would be found by the railways themselves. The balance of Rs 585 crores was to be made

available from the general reserves of the Central Government. The expectations about the internal resources of the Railways have been belied. The Fourth Plan outlay, therefore, has been pruned from Rs 1,525 crores to Rs 1,275 crores. Accordingly, the outlay for 1971-72 has been reduced from Rs 308 crores to Rs 280 crores. Obviously expansion of capacity of the Railways has been lagging much behind the target (Table 2).

Table 2: Plan outlays for Indian Railways
(Rs crores)

Year	Budgeted	Actual	Shortfall
1967-68 ..	305.00	258.23	— 46.77
1968-69 ..	272.03	257.02	— 15.01
Fourth Plan			
1969-70 ..	255.00	192.47	— 62.53
1970-71 ..	280.02	240.97(a)	— 39.05
1971-72....	280.00	—	—

NOTE: (a) Revised estimates

SOURCE: Ministry of Railways (Railway Board), Government of India, *Explanatory Memorandum on the Railway Budget 1971-72*.

Finances

The vote-on-account Railway Budget for 1971-72 presented on March 23, 1971 showed an estimated deficit of Rs 33.12 crores. Being an interim-budget, no proposals for meeting the deficit were presented. The full-fledged budget presented now, at current rates of fares and freights, anticipates a deficit of the same order of Rs 33.12 crores (after providing for the payment of dividend to general revenues on capital-at-charge) for 1971-72 against a deficit of Rs 23.69 crores in 1970-71 (revised estimates). However, after taking into account the net effect of upward adjustments in freight rates and passenger fares, the uncovered deficit amounts to Rs 6.87 crores.

Revised estimates

The final figures of financial results of 1970-71 will be available in August. But the revised estimates for 1970-71 show that the financial position of the Railways has considerably deteriorated: As against a surplus of Rs 9.38 crores in budget estimates (modified), the revised estimates show a deficit of Rs 23.69 crores (Table 3). The budget estimates as originally presented for 1970-71 envisaged a surplus of Rs 22.38 crores. But under political pressure, certain proposed increases in third class passenger fares and in freight rates, particularly that of foodgrains had to be withdrawn. This resulted in the loss of

Rs 13 crores and the surplus shown in the budget estimate came down to Rs 9.38 crores. On the other hand, working expenses increased by Rs 30.77 crores. The cumulative effect of these and other factors led to the deficit of Rs 23.69 crores.

During 1970-71, a number of important factors beyond the control of the Railways have cast a heavy burden on the revenue expenditure of the Railways: (a) There was a substantial fall in the haulage of goods traffic. (b) Working expenses increased by Rs 36 crores on account of the interim relief to the staff in pursuance of the Third Pay Commission's recommendations. (c) Large sums of money had to be found to meet heavy expenditure on flood damage, payment of arbitration tribunal awards to staff and increase in the rates of travelling and daily allowances to staff and increase in prices of various materials.

Budget estimates

In 1971-72, the budget estimates of the gross traffic receipts are placed at Rs 1,044 crores (excluding the net effect of new budget proposals) which are Rs 40 crores higher than the revised estimates in 1970-71. It is assumed that the goods traffic will increase by nine million tonnes during 1971-72 and the passenger traffic by 3 per cent. Against this, the ordinary working expenses estimated at Rs 765 crores are higher by Rs 33.68 crores compared to 1970-71 (revised estimates). After provision of dividend to general revenues, the operations account would show a deficit of Rs 33.12 crores as compared with Rs 23.69 crores in 1970-71 (revised estimates). However, the following new proposals are envisaged in the budget, which will yield Rs 26.25 crores during the remaining period of the current year. Consequently, the uncovered deficit will amount to Rs 6.87 crores in 1971-72.

Proposals

The Railway Minister has made the following main proposals to raise additional resources during 1971-72: *Freight Rates:* Adjustment in freight rates on a selective basis are proposed. Freight classification has been raised by one step in respect of low-rated commodities except foodgrains and certain iron ores. Freight rates on coal and coke have been increased but incentives would be available for all distances, if the traffic in coal was offered for movement in train loads from one station to one destination on a single forwarding note and for movement of coal for 500 kms and above during the slack season—between June and September. Freight rates for categories of iron and

Table 3 : Railway finances

Heads of accounts	(Rs crores)					
	Modified budget estimate for 1970-71 (as passed)	Revised estimate 1970-71	Percent-age variation in (2) over (1)	Budget estimate 1971-72		Percent-age variation in (5) over (2)
				As presented in March	As presented in May	
	(1)	(2)	(3)	(4)	(5)	(6)
I. Capital-at-charge	3,321.69	3,321.46	- 0.1	3,472.46	3,472.69	4.6
(a) Passenger	293.50	300.30	2.3	309.00	318.75	6.1
(b) Other coaching	51.75	58.00	12.1	59.50	59.50	2.6
(c) Goods	632.00	612.50	- 3.1	642.50	659.00	7.6
(d) Other earnings	31.75	33.20	4.6	33.00	33.00	- 0.6
II. Gross traffic receipts	1,009.00	1,004.00	- 0.5	1,044.00	1,070.25	6.6
1. Ordinary working expenses ..	700.99	731.78	4.4	765.44	765.44	4.6
2. Depreciation	100.00	100.00	..	105.00	105.00	5.0
3. Payments to worked lines ..	0.17	0.14	-16.6	0.14	0.14	..
4. Miscellaneous expenses ..	16.52	15.13	- 8.4	17.92	17.92	18.4
5. Appropriation to pension ..	14.85	14.85	..	14.85	14.85	..
III. Total expenses	832.53	861.88	3.5	903.35	903.35	4.8
IV. Net revenue (II-III)	176.47	142.12	-19.5	140.65	166.90	17.4
V. Dividend	167.09	165.81	- 0.8	173.77	173.77	4.8
VI. Surplus (+) or deficit (-) I.e. (IV-V)	+ 9.38	-23.69	..	-33.12	- 6.87	..

SOURCE : Ministry of Railways (Railway Board), Government of India, *Explanatory Memorandum on the Railway Budget 1971-72 and its Supplement*.

steel such as rope wire, wire-net etc have been raised. Thus, the rise in freight rates after allowing for incentives, is expected to provide additional income of Rs 21.8 crores during the full year. **Passenger fares:** Passenger fares have been increased on a modest scale. There will be no change in any class of travel for the first 15 kms nor in respect of season tickets. The fares for third class ordinary and mail/express and first class fares have been raised for travel, above 15 kms. The rise is different for different distance zones. This rise is likely to yield Rs 13.2 crores during the full year.

All these measures together are expected to provide additional resources of Rs 35.0 crores during the full year. But since the revised rates could take effect only from July 1 this year, the increase in receipts in the current financial year would be Rs 26.25 crores.

For the past several years, the pace of increase in earnings has been less than the pace of increase in the costs of railway operations particularly in recent years. As a result, the railway finances have been going from bad to worse. As can be seen from table 4 the Railways have been in red since 1966-67.

Cost price squeeze

The Railways are caught in cost-price-squeeze. According to the Minister for Railways, expenditure on staff, which accounts for 60 per cent of the working expenditure, has gone up by 72 per cent since 1963-64. The price of coal has gone up by 47 per cent and that of electricity and diesel oil by 27 per cent each. These have cumulatively pushed up the weighted index of cost of operation by 60 per cent. During the same period, passenger fares and freight rates increased only by 19.6 per cent and 22.7 per cent, respectively. The Railways thus recover only 36 per cent

of the increase in the cost of operation through raising fares and freights. As a result, the net return on investment (i.e. net revenue as percentage of capital-at-charge) dropped from the peak level of 7.3 per cent in 1951-52 to 4.1 per cent in 1971-72. Obviously, the rise in fares and freights so far have been inadequate to wipe out the increases in costs.

Table 4 : Net position of railway finances
(Rs crores)

Year	Net position
1965-66	18.6
Annual Plans	
1966-67	-18.3
1967-68	-31.5
1968-69	- 7.9
Fourth Plan	
1969-70	- 9.8
1970-71 (R.E.)	-23.7
1971-72 (B.E.)	-6.87

SOURCES : Ministry of Railways (Railway Board), Government of India, *Explanatory Memorandum on the Railway Budget*, (various years).

Dilemma

The main difficulty is that the Railways are expected to run both as a commercial undertaking and as a public utility concern. In the latter role they are expected to maintain unremunerative lines on account of political pressures and give various concessions on freight rates and passenger fares. Following are some outstanding instances;

(a) The Railways have to run as many as 77 unremunerative railway lines which drain the revenue earnings to the extent of Rs 8 crores per annum for their maintenance.

(b) The loss on passenger traffic is of the order of Rs 59 crores. The passenger

fare is below cost. Suburban travellers in Bombay, Calcutta and Madras who use cheap monthly and quarterly season tickets virtually enjoy a subsidy of Rs 12 crores per year.

(c) Finally, the preponderance of lower-rated commodities such as coal, ores, stones, cement, fertilisers, fibres, foodgrains and salt are a feature of traditional mix of revenue earning traffic of the railways. These commodities account for about three-fourths of the total revenue earning traffic but contribute only half the total freight earning. Again, their preponderance in the midst of revenue earning traffic is getting accentuated. Between 1960-61 and 1969-70, the originating tonnage of these commodities increased by 60 per cent while that of other commodities increased by only 16 per cent. In 1970-71, the total loss on the transportation of these commodities came to Rs 52 crores. □

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Railway facilities

Year	Running track in km. (including non-Government railways)	Number of locomotives	Number of wagons
1950-51 ..	60,567	8,615	2,11,873
1955-56 ..	61,738	2,288	2,42,135
1960-61 ..	64,319	10,731	3,09,434
1965-66 ..	69,038	11,856	3,71,668
1966-67 ..	69,475	11,729	3,77,064
1967-68 ..	70,186	11,892	3,79,121
1968-69 ..	71,152	11,650	3,83,270

SOURCE: Government of India, Ministry of Information and Broadcasting, Publications Division, India, 1970, p. 394.

Route length of the Government-owned Railways : 1969-70

Gauge	Route length (km.)	Percentage to total
Broad ..	29,361	49.2
Metro ..	25,847	43.3
Narrow ..	4,470	7.5
Total ..	59,684	100.0

SOURCE: Government of India, Ministry of Railways (Railway Board), Directorate of Statistics and Economics, *A Review of the Performance of the Indian Government Railways* (May, 1971), p. 49.

Efficiency of Railway systems—An international comparison

Country	Year of reference	Net tonne kilometres moved per annum per tonne of capacity
Japanese National Railways	1969-69	22,629
Indian Government Railways (B.G.)	1969-70	15,267
Canadian National Railways	1968	12,774
Canadian Pacific Railways	1968	12,288
U.S. Class I Railroads	1968	11,831
French National Railways	1968	7,778
German Federal Railways	1968	6,464
Italian State Railways	1968	5,407
British Railways	1968	2,931

SOURCE: Government of India, Ministry of Railways (Railway Board), Directorate of Statistics and Economics, *A Review of the Performance of the Indian Government Railways* (May, 1971), p. 58.

Prices received and paid by Railways (1950-51 = 100)

Year	Indices of prices received		Indices of cost		
	Per tonne kilometre	Per passenger kilometre	Coal	Iron and steel manufactures	Employees (per capita)
1950-51 ..	100	100	100	100	100
1955-56 ..	111	117	101	142	117
1960-61 ..	122	116	141	177	142
1965-66 ..	145	154	173	219	185
1966-67 ..	161	168	228	263	232
1967-68 ..	164	166	235	275	249
1970-71 (a) ..	169	169	238	300	271

NOTE: (a) = Estimated.

SOURCE: Government of India, Ministry of Railways (Railway Board), Directorate of Statistics and Economics, *A Review of the Performance of the Indian Government Railways* (May, 1971), p. 74.

Volume of traffic handled by Indian Railways : 1950-51 to 1969-70

Year	Passenger traffic		Revenue earning goods traffic	
	In million passenger kilometres	Index 1950-51 = 100	In million tonnes	Index 1950-51 = 100
1950-51 ..	66,517	100.0	73.2	100.0
1955-56 ..	82,400	93.8	92.2	126.0
1960-61 ..	77,605	116.8	119.8	163.7
1965-66 ..	96,294	144.8	162.0	221.3
1966-67 ..	1,02,145	163.6	164.0	224.0
1967-68 ..	1,07,162	161.1	162.4	221.0
1968-69 ..	1,08,940	160.8	170.8	233.3
1969-70 ..	1,13,382	170.5	173.8	237.4

SOURCE: Government of India, Ministry of Railways (Railway Board), Directorate of Statistics and Economics, *A Review of the Performance of the Indian Government Railways*, February 1969, 1970 and May 1971.

Indices of capital and output

(Base : 1950-51 = 100)

Year	Capital at charge equated to 1950-51 prices	Output	
		Freight (net) tonne	Passenger kilometres
1950-51 ..	100.0	100.0	100.0
1955-56 ..	107.0	135.0	93.8
1960-61 ..	130.9	198.7	116.8
1965-66 ..	171.1	265.1	144.8
1966-67 ..	175.8	284.3	153.6
1967-68 ..	179.6	269.4	161.1
1968-69 ..	182.8	283.7	160.8
1969-70 ..	185.0	290.7	170.5

SOURCE: Government of India, Ministry of Railways (Railway Board), Directorate of Statistics and Economics, *A Review of the Performance of the Indian Government Railways* (May, 1971), p. 60.

Railway finances (Rs. crores)

Year	Gross traffic receipts	Total expenses	Net revenue (2)-(3)	Net surplus
(1)	(2)	(3)	(4)	(5)
1950-51 ..	283.0	215.4	47.6	15.1
Second Plan				
1956-57 ..	347.6	289.2	58.4	20.2
1957-58 ..	370.8	322.0	57.8	13.4
1958-59 ..	390.2	330.9	59.3	8.9
1959-60 ..	422.3	347.7	74.6	20.1
1960-61 ..	456.8	368.9	87.9	32.0
Third Plan				
1961-62 ..	500.5	400.7	99.8	24.4
1962-63 ..	566.8	443.6	123.3	42.1
1963-64 ..	632.2	487.0	145.2	40.2
1964-65 ..	660.9	542.8	118.1	13.2
1965-66 ..	733.6	598.8	134.8	18.6
Annual Plans				
1966-67 ..	768.8	654.7	114.1	-18.3
1967-68 ..	818.1	708.1	110.0	-31.5
1968-69 ..	898.8	756.0	142.8	-7.9
Fourth Plan				
1969-70 ..	951.3	804.7	146.6	-9.8
1970-71 ..	1,004.0	861.9	142.1	-23.7
1971-72 (B.E.) ..	1,070.3	903.4	166.9	-6.9

NOTES:

1. Column (3)—Total expenses represent ordinary working expenses including appropriation to depreciation reserve fund, pension fund, payments to worked lines and other net miscellaneous expenditure.

2. Column (4)—Net revenue represents the net earnings during an accounting period after meeting all the revenue charges except the payment of dividend.

3. Column (5)—Net surplus represents the net earnings during an accounting period after meeting all the revenue charges including the payment of dividend.

SOURCE: Government of India, Ministry of Railways (Railway Board), *Explanatory Memorandum on the Railway Budget, 1971-72* and its supplement.

RAILWAY STATISTICS

Productivity of Indian Railways

Year	Net tonne kilometres moved per annum per tonne of capacity	
	Broad gauge	Metro gauge
1950-51 ..	11,833	9,021
1955-56 ..	14,790	8,497
1960-61 ..	16,558	10,125
Third Plan		
1961-62 ..	16,143	11,125
1962-63 ..	16,707	11,850
1963-64 ..	16,495	12,043
1964-65 ..	15,350	11,583
1965-66 ..	15,567	12,255
Annual Plans		
1966-67 ..	14,867	11,528
1967-68 ..	14,857	11,413
1968-69 ..	15,083	12,079
Fourth Plan		
1969-70 ..	15,267	12,535
1970-71 ..	15,000	12,900

SOURCE: Government of India, Ministry of Railways (Railway Board), Directorate of Statistics and Economics, *A Review of the Performance of the Indian Government Railways*, (February, 1969), p. 45, (February, 1970), p. 54 and (May, 1971), p. 58.

Return on investment

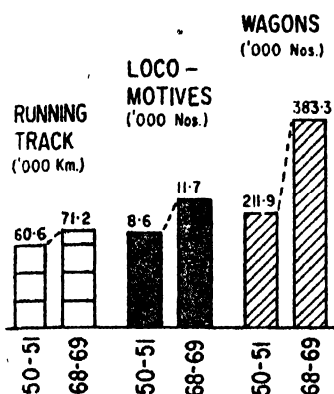
Year	Working expenses as per cent of gross traffic receipts	Net revenue as per cent of capital at charge	Net surplus as per cent of capital at charge
(1)	(2)	(3)	(4)
1950-51 ..	79.9	5.8	1.8
First Plan			
1951-52 ..	77.0	7.3	3.3
1952-53 ..	80.6	5.5	1.5
1953-54 ..	84.4	4.2	0.3
1954-55 ..	82.3	4.9	1.0
1955-56 ..	81.6	5.2	1.5
Second Plan			
1956-57 ..	80.3	5.4	1.9
1957-58 ..	81.5	4.7	1.1
1958-59 ..	82.4	4.4	0.7
1959-60 ..	79.2	5.2	1.4
1960-61 ..	78.4	5.8	2.1
Third Plan			
1961-62 ..	78.0	5.9	1.5
1962-63 ..	75.8	6.5	2.2
1963-64 ..	74.7	6.7	2.3
1964-65 ..	79.9	4.9	0.5
1965-66 ..	79.5	5.0	0.7
Annual Plans			
1966-67 ..	83.2	4.0	-0.6
1967-68 ..	84.7	3.7	-1.1
1968-69 ..	82.5	4.6	-0.3
Fourth Plan			
1969-70 ..	83.0	4.6	-0.3
1970-71 ..	84.3	4.3	-0.7
1971-72 (B.E.) ..	82.7	4.8	-0.2

SOURCE: Government of India, Ministry of Railways (Railway Board), *Explanatory Memorandum on the Railway Budget, 1971-72*, Appendix VIII, p. 67 and its supplement.

PERFORMANCE OF INDIAN RAILWAYS

OPERATIONS

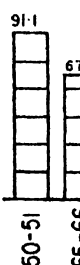
CAPITAL STOCK



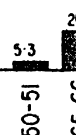
TECHNOLOGY

Percentage of traffic carried by different modes of traction

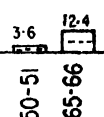
STEAM



DIESEL

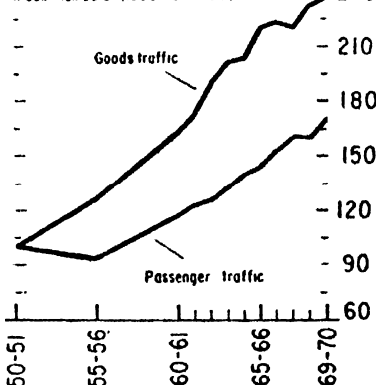


ELECTRIC



SERVICE

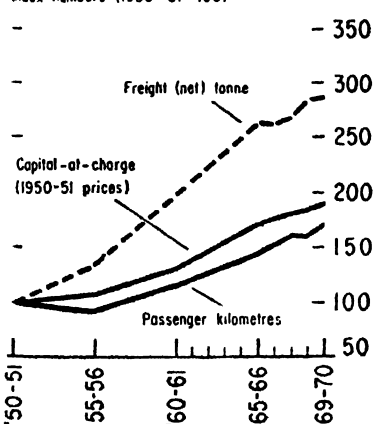
Index numbers (1950-51=100)



EFFICIENCY

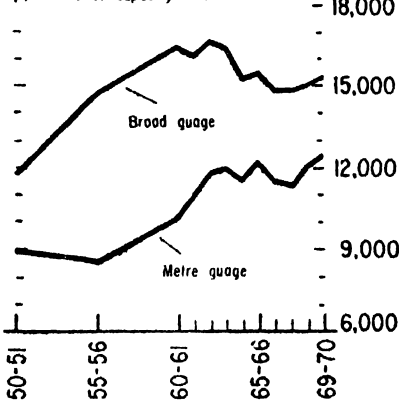
CAPITAL AND OUTPUT

Index numbers (1950-51=100)



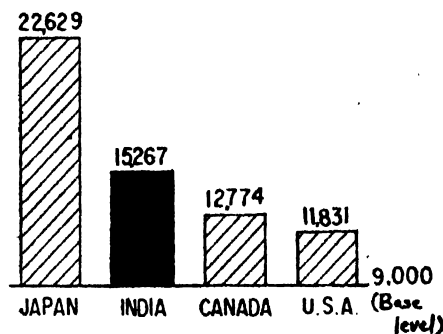
PRODUCTIVITY

Net tonne kilometres moved per annum per tonne of capacity



INTERNATIONAL COMPARISON

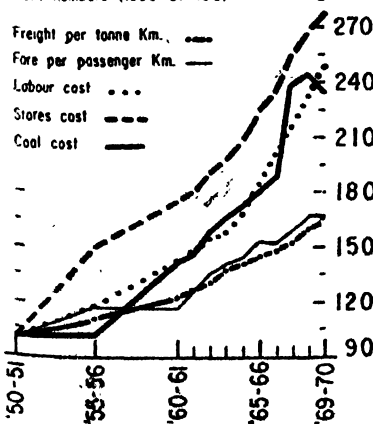
Net tonne of kilometres moved per annum per tonne of capacity



FINANCES

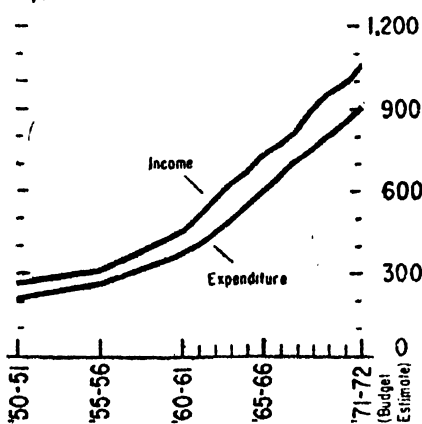
COST PRICE SQUEEZE

Index numbers (1950-51=100)



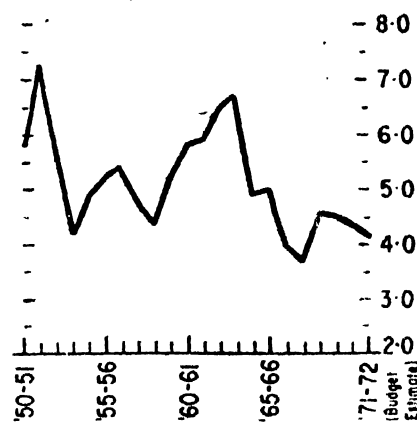
INCOME AND EXPENDITURE

Rupees crores



RETURN ON INVESTMENT

Net revenue as per cent of capital-at-charge



BALANCE SHEETS

GROSS PROFIT MARGIN IMPROVES

NOCIL's sales higher

NATIONAL Organic Chemical Industries Ltd (Chairman: Mr Arvind N. Mafatlal, Bombay) has a brilliant performance for the year ended December 31, 1970. Sales went up by 47 per cent to Rs 23.52 crores from Rs 15.95 crores in the previous year. The improved sales were due to an aggressive effort in developing outlets for various products of the company. In particular, there was considerable increase in sales of pvc resins and compounds. The gross profit nearly trebled to Rs 5.24 crores from Rs 1.97 crores. The company earned a net profit of Rs 1.91 crores against a loss of Rs 1.33 crores in the previous year. On deducting this amount from the loss of Rs 4.72 crores brought in from the previous year, the loss carried forward amounted to Rs 2.81 crores. No provision has been made for taxation. The company does not anticipate any liability in this respect since losses are carried forward. The company's gross profit margin works out to 22.3 per cent against 12.3 per cent.

The company has repaid the instalments of its long-term loans from the Shell Petroleum Co Ltd and the Indian financing institutions, up to the end of the year 1970,

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings ..	23,51.09	17,61.92	829.93	152.62
Sales including excise duty ..	23,52.02	15,95.15	683.89	125.46
Other income ..	144.84	40.08	16.84	21.48
Stock adjustment (of finished goods) ..	-145.77	+125.84	+180.20	-7.68
Opening ..	318.25	192.41	82.21	54.53
Closing ..	172.48	318.25	192.41	82.21
Total expenses ..	18,20.81	15,45.18	904.00	162.39
Materials and stores ..	614.74	651.93	442.51	109.08
Salaries and wages ..	102.96	180.58	108.58	59.38
Excise duty ..	102.47	102.05	10.25	—
Other expenses ..	895.64	679.67	842.66	94.08
Gross profit ..	524.28	196.79	-74.07	-9.77
Depreciation ..	332.82	829.65	234.96	2.41
Profit before tax ..	191.46	-132.86	-309.03	-12.18
Taxation ..	-281.36	-472.83	-339.97	-30.98
Profit after tax ..	191.46	-132.86	-309.03	-12.18
Carry forward ..	-281.36	-472.83	-339.97	-30.98
Market prices of ordinary shares (in rupees):				
High ..	247.50	204.00	144.00	136.00
Low ..	161.00	137.00	115.00	96.50

except the first instalment payable to the IDBI, the IFC and the ICICI totalling Rs 88.32 lakhs. As agreed with these institutions, this amount will now be payable in 1973 and 1974.

In the first quarter of the year under report, production was limited as a result of the scheduled biennial shut-down of all plants for periods ranging from four to six weeks. Subsequently production was further affected by mechanical problems. Afterwards there was an all-round improvement in the rate of production of all plants within the complex compared to the previous year. The plants in general are operating satisfactorily and are able to meet sales requirements.

Early in the year, the manufacturing costs were adversely affected due to an increase in fuel duty, cost of drums and other items. From June, the manufacturing costs were considerably enhanced by the imposition of additional levies which raised the cost of naphtha, the main raw material by nearly 30 per cent. On considering the operational difficulties the foreign collaborator, the Shell International Chemical Co Ltd, has agreed with effect from August 1, 1970, not to claim its right to the balance of the product loan liability amounting to Rs 47.28 lakhs as on July 31, 1970 under the product loan agreement, and the other collaborator, Batafse Internationale Chemie Maatschappij N.V., has agreed not to charge for a period of two years from July 1, 1970 the operating service charge leviable under the operating service agreement. The estimated benefit to the company (including a provision of Rs 8.35 lakhs for freight, insurance, etc on product loan shipments no longer necessary) amounts to nearly Rs 66 lakhs in the year under report.

The company has also taken interest in developing small-scale industries in the field of plastic processing. The technical services laboratory was expanded and relocated at larger premises at Worli, Bombay.

Ahmedabad Advance

THE Tata group of textile mills has done well for the year ended December 31, 1970. All of them, namely the Ahmedabad Advance Mills Ltd, the Svadeshi Mills Co Ltd and the Tata Mills Ltd have increased their sales and improved their profits. They have declared larger dividends for the year under review.

The Ahmedabad Advance Mills Ltd (Chairman: Mr Naval H. Tata, Bombay) has increased its sales for the year ended December 31, 1970 to Rs 9.7 crores from Rs 8 crores in the previous year. The gross profit was Rs 93 lakhs (Rs 57 lakhs). The net profit after depreciation and taxation, amounted to Rs 43 lakhs (Rs 24 lakhs). The ordinary dividend has been stepped up to 12 per cent from 9 per cent.

The company's gross profit margin works out to 9.5 per cent against 7.1 per cent. The ratio of net profit to net worth comes to 18 per cent (11.4 per cent).

The improvement in the financial results was mainly due to higher realisations and increase in sales turnover, both in respect of the textiles division and the metals division. This was in spite of a continuous rise in the price of cotton and dearness allowance payable to employees, as also the scarcity of raw materials experienced in the latter half of the year in respect of the metals division.

The total retail sales of the group, including sales to retail stockists, were about Rs 3 crores, indicating an increase of Rs 10

lakhs over the previous year. There were 77 retail stockists at the end of 1970. During the year under review, new plant and machinery of the total value of Rs 37.73 lakhs was installed at Ahmedabad

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings ..	968.48	807.85	729.61	578.29
Sales including excise duty ..	970.99	804.67	714.09	581.49
Other income ..	9.00	6.47	4.76	2.55
Stock adjustment (of finished goods) ..	+8.38	-3.29	+10.70	-5.75
Opening ..	186.08	189.37	128.61	124.86
Closing ..	144.46	186.08	189.37	128.61
Total expenses ..	895.74	751.01	691.08	547.86
Materials and stores ..	488.88	356.08	320.20	242.41
Salaries and wages ..	170.08	161.68	153.24	140.84
Excise duty ..	186.70	103.27	107.58	81.77
Other expenses ..	143.42	180.06	100.97	83.04
Gross profit ..	92.69	96.84	88.58	80.45
Depreciation ..	33.97	32.21	24.95	19.46
Secretaries and treasurers' commission ..	—	0.94	0.50	0.64
Profit before tax ..	58.72	23.69	13.13	10.38
Taxation ..	16.00	—	—	—
Profit after tax ..	42.72	23.69	13.13	10.38
Withdrawals from reserves and write-backs ..	—	9.97	—	2.58
Development rebate ..	19.50	23.50	3.90	5.50
Other reserves ..	9.89	—	1.32	—
Dividends:				
Preference ..	0.71	0.71	0.71	0.71
Ordinary ..	12.60	9.45	7.30	6.75
	(12%)	(9%)	(9%)	(9%)
Carry forward ..	0.08	—	—	—
Market prices of ordinary shares (in rupees):				
High ..	250.00	181.50	104.00	101.50
Low ..	160.00	108.00	87.00	90.00

and at Navsari. These included a boiler, ring frames, doublers, screen printing tables, a 5-tonne crane, continuous annealing furnace and equipment for the semi-continuous pickling plant. The value of works under construction and machinery received at Ahmedabad and at Navsari

In the market

Elgi Rubber Products

ELGI Rubber Products Ltd (Registered Office: India House, Trichy Road, Coimbatore) is offering for public subscription at par 73,500 ordinary shares of Rs 10 each of the total value of Rs 7.35 lakhs and 5,000—9½ per cent cumulative redeemable preference shares of Rs 100 each of the total value of Rs 5 lakhs. The entire issue is underwritten. The subscription list will open on May 31 and close on June 14 or earlier at the discretion of the directors but not before June 3. Application for ordinary and preference shares must be for a minimum 50 ordinary shares or multiple thereof and five preference shares or multiple thereof.

The company was incorporated on March 31, 1970. The company has received an industrial licence to produce 2,500 tons of reclaimed rubber per annum and proposes to put up a plant near Chingleput, Tamil Nadu. It has received an import licence for machineries valued at Rs 11.24 lakhs. The factory is expected to go on stream early in 1972.

but awaiting installation towards the end of the year, was nearly Rs 7.42 lakhs. Further orders have been placed for machinery of the value of about Rs 6.30 lakhs after the close of the year. In the metals division, the plant achieved a turnover exceeding Rs 1.70 crores nearly as compared to a little over a crore of rupees in the previous year.

During the year under review, the company received an industrial licence for the manufacture of 5,450 tonnes of special-ised steel strips. It is proposed to imple-ment this licence by undertaking an ex-pansion of the company's existing metals division at Navsari. Work at the site will be taken up shortly and the expansion is expected to be completed over the next 3 years at a total cost of about Rs 36 crores. While a considerable portion of this outlay is expected to be financed through the com-pany's internal resources, it will be neces-sary to raise the balance partly through additional share capital and partly through long-term loans. With a view to providing funds for starting construction at the site, the directors have decided to make a rights issue of ordinary shares of Rs 21 lakhs in the ratio of one rights share for every five shares held. Steps have already been taken to finalise orders for machinery worth Rs 1 crore with machinery suppliers in India for certain items of equipment which have extended delivery schedules. The present installed capacity of the mills is 61,232 spindles and 1,222 looms including 336 automatic looms. □

Assam Match

THE Assam Match Co Ltd (Chairman: Mr Tulsidas Kilachand, Bombay) had slightly higher sales for the year ended December 31, 1970 at Rs 5.2 crores against Rs 4.8 crores in the previous year. The gross profit was Rs 65 lakhs (Rs 56 lakhs). The net profit, after depreciation and taxation, amounted to Rs 24 lakhs (Rs 21 lakhs). The dividend has been stepped up by 3 per cent to 20 per cent.

The company's gross profit margin works out to 12.4 per cent against 11.8 per

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	519.84	476.65	336.55	262.61
Sales including				
excise duty	520.69	477.70	329.83	262.65
Other income	1.50	1.00	2.20	0.56
Stock adjustment (of				
finished goods)	-2.85	-2.05	+4.50	-0.60
Opening	6.05	8.10	3.58	4.18
Closing	8.70	6.05	8.10	8.68
Total expenses	465.05	420.24	304.50	239.79
Materials and stores	20.37	84.25	60.04	44.49
Salaries and wages	43.21	38.91	36.14	27.80
Excise duty	253.20	237.20	171.44	146.10
Other expenses	68.27	69.85	36.88	20.40
Gross profit	64.79	56.41	32.05	22.82
Depreciation	8.59	3.44	3.35	8.11
Profit before tax	81.20	52.97	28.70	20.71
Taxation	37.50	32.25	16.25	12.00
Profit after tax	23.70	20.72	12.45	8.71
Development rebate	0.28	0.37	0.17	0.49
Other reserves	13.42	11.85	4.80	1.80
Ordinary dividend	10.00	8.50	7.50	7.00
	(20%)	(17%)	(15%)	(14%)
Carry forward	..	..	..	0.12
Market price of				
ordinary shares				
(In rupees)				
High	21.62	14.12	..	12.50
Low	14.62	13.44	..	11.25

cent. The ratio of net profit to net worth comes to 21.9 per cent (21.8 per cent).

In the year under review, the factory worked to its full capacity. Permission to the proposed bonus issue of Rs 10 lakhs

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in the proportion of 1:5 by the company has been refused by the Controller of Capital Issues. However, the company proposes to pursue the matter further and try to obtain sanction. □

Modi Industries

MODI Industries Ltd (Chairman: Mr G. M. Modi, Modinagar, UP) had increased its sales for the year ended October 31, 1970 to Rs 248 crores from Rs 20.9 crores in the previous year. The gross profit was Rs 26 crores (Rs 1.7 crores). The net profit, after depreciation and taxation, amounted to Rs 70 lakhs (Rs 70 lakhs). The fall in net profit was accounted for by a steep rise in taxation to Rs 145 lakhs from Rs 35 lakhs. The ordinary dividend was maintained at 12 per cent, payable on the increased capital. In the year under review, the company's ordinary subscribed capital was raised from Rs 132.10 lakhs to Rs 158.52 lakhs and the preference capital from Rs 25 lakhs to Rs 50 lakhs.

The company's gross profit margin works out to 10.4 per cent against 8.3 per cent. The ratio of net profit to net worth comes to 166 per cent (20.1 per cent).

The working results of the steel factory were satisfactory. One electric arc furnace of 10 tons capacity was commissioned in February 1971. The company has embarked upon an ambitious expansion programme. It is expected to commission two more electric arc furnaces of 10 tons capacity each during this calendar year. The company has also applied to the

Government of India for permission to set up a continuous casting plant and a high speed rolling mill to produce spring steel and alloy steel with a capacity of 40,000 tonnes per annum.

The vanaspathi factory worked during the year under review, under statutory price control and the working results were

(In lakhs of rupees)

	For the year ended 31st October			
	1970	1969	1968	1967
Total earnings	25,56.48	20,99.08	17,26.62	15,37.80
Sales including excise duty	24,76.10	20,88.53	16,65.33	15,35.88
Other income	15.04	11.76	19.49	19.04
Stock adjustment (of finished goods)	+63.39	-0.36	+41.80	-17.12
Opening	125.87	132.23	90.48	107.55
Closing	189.26	125.87	132.23	90.43
Total expenses	22,97.36	19,20.22	16,65.47	14,62.81
Materials and stores	17,53.50	14,73.58	12,18.49	11,38.00
Salaries and wages	149.61	117.06	103.32	82.17
Excise duty, etc.	163.13	123.81	115.49	100.21
Other expenses	231.12	205.75	168.17	142.43
Gross profit	258.07	173.71	121.15	74.49
Depreciation	43.18	62.12	39.95	41.25
Managing agency remuneration		6.41	5.15	2.90
Profit before tax & Taxation	214.89	105.18	76.05	30.34
	145.00	85.00	37.00	2.00
Profit after tax	69.89	70.18	39.05	28.34
Write-backs				7.00
Development rebate	8.80	10.65	10.75	11.00
Other reserves	48.79	41.60	12.37	8.60
Dividends				
Preference	3.48	2.14		
Ordinary	19.02	15.85	15.85	15.85
	(12%)	(12%)	(12%)	(12%)
Carry forward			0.15	0.05

satisfactory. The sugar unit crushed 19.49 lakh quintals (12.85 lakh quintals) of sugarcane. The recovery of sugar was 98.7 per cent (8.39 per cent). The working results of other units—lantern, soap, electrodes, distillery, paints and gas except torch unit of the company were quite satisfactory. □

Phillips Carbon Black

Sales of Phillips Carbon Black Ltd., Calcutta, for the year ended November 30, 1970 declined slightly to Rs 3.56 crores from Rs 3.62 crores in the previous year. The net profit, after providing Rs 17.77 lakhs (Rs 20.44 lakhs) for depreciation and Rs 49 lakhs (Rs 48.50 lakhs) for taxation, amounted to Rs 38.27 lakhs (Rs 43.30 lakhs). The dividend was 15 per cent (15 per cent) on the increased capital. The bonus shares in the ratio of one new ordinary share for every ten existing ordinary shares allotted to the members registered on January 8, 1971 rank *pari passu* with other shares for payment of the above dividend. The general reserve got Rs 38.07 lakhs (Rs 44.45 lakhs).

During the year under review, the plant was unable to produce at full capacity and the shortfall can be mainly attributed to inadequate availability of good quality raw materials. The major suppliers of feedstock have not fulfilled their commitments due to the general labour unrest and disruption in their normal working. Domestic sales were seriously affected during the first half of the year due to strikes at two major tyre producing plants and uneasy labour conditions in other companies. Exports to the UAR, Iraq, Iran and Ceylon were increased and with improved production the company hopes to maintain this trend in 1971.

Industrial Investment Trust

Industrial Investment Trust Ltd, Bombay, has earned a net profit of Rs 9.03 lakhs for the year ended December 31, 1970 against Rs 7.12 lakhs in the previous year after providing Rs 2.51 lakhs (Rs 1.56 lakhs) for taxation. The dividend has been stepped up by one per cent to 8 per cent.

Among different classes of undertakings in which the Trust has made investments, chemicals absorbed 16.38 per cent, cotton and silk 14.21 per cent and engineering 6.53 per cent. Out of the total investments of Rs 1.28 crores, 94.75 per cent went to rupee securities and 5.25 per cent to sterling securities. Since December 31, 1970 and up to March 16, 1971 the company has paid Rs 9,375 in respect of the final call of Rs 25 per share on 375 shares of Indian Organic Chemicals Ltd and paid Rs 75,000 on application in respect of 15,000 shares of Porritts & Spencer (Asia) Ltd.

The company has also made sales of shares, the aggregate sale proceeds of these shares amounting to Rs 52,569. The company is at present acting as "registrars and transfer agents" for four companies including Zuari Agro Chemicals Ltd and as trustees for the debenture holders of Hindustan Lever Ltd. During the year, the company ceased to act as registrars and transfer agents to Polyolefins Industries Ltd.

Minerva Mills

Sales of Minerva Mills Ltd, Bombay, for the year ended October 31, 1970 declined to Rs 29.94 lakhs from Rs 226.27 lakhs in the previous year. It was because the operations of the mills had to be temporarily suspended during the entire period under review, the loss sustained amounted to Rs 22.05 lakhs (loss of Rs 22.25 lakhs). After the labour dispute was settled the company restarted partial operations from November 18, 1970 and more than half the total number of spindles are in operation.

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on imported cotton. Partial working of the mills, since beginning of the current financial year, has been able to generate satisfactory factory revenues and has considerably stemmed the losses.

Camphor and Allied Products

Sales of Camphor and Allied Products Ltd, Bombay, for the year ended December 31, 1970 rose to Rs 2.52 crores from Rs 1.97 crores in the previous year. The net profit, after providing Rs 8.16 lakhs (Rs 9.54 lakhs) for depreciation and Rs 39.13 lakhs (Rs 26.75 lakhs) for taxation, amounted to Rs 21.34 lakhs (Rs 17.84 lakhs). The ordinary dividend recommended for the year was 12 per cent (12 per cent) payable on the increased capital. During the year under review, ordinary subscribed capital of the company was raised from Rs 50 lakhs to Rs 60 lakhs by issue of bonus shares. The development rebate reserve absorbed Rs 0.30 lakh (Rs 1.45 lakhs) and the general reserve Rs 12.50 lakhs (Rs 7.60 lakhs). An amount of Rs 6 lakhs (nil) has been transferred to the replacement reserve.

In the year under review, the production of camphor has reached 636 tons compared to 571 tons produced in the previous year. The production of other products has also shown a rise of nearly 15 per cent. Sales of the by-products and new chemicals were Rs 73 lakhs (Rs 48 lakhs). Total exports during the year have exceeded Rs 10 lakhs (Rs 2.54 lakhs). The civil construction work for the terpene chemical project has already been completed.

Sardesai Brothers

Sales of Sardesai Brothers Ltd, Bombay, for the year ended December 31, 1970 have increased to Rs 105.83 lakhs from Rs 87.35 lakhs in the previous year. The net profit, after providing Rs 4.82 lakhs (Rs 2.38 lakhs) for depreciation and Rs 2.10 lakhs (nil) for taxation, amounted to Rs 11.30 lakhs (Rs 6.11 lakhs). The dividend for the year was 6 per cent (nil). The development rebate reserve absorbed Rs 1.80 lakhs (Rs 25,699) and the general reserve Rs 2.65 lakhs (nil). The distillery commissioned during the earlier part of the year is now working normally. Further steps are already taken to increase the production of alcohol by installation of certain balancing equipments which would enable the company to produce nearly two million litres of alcohol per year against the present capacity of approximately one million litres.

Commerce (1935) Ltd

The board of directors of Commerce (1935) Limited which publishes this journal, at their meeting held on May 24, 1971, have recommended a dividend of 5 per cent for the year ended December 31, 1970, which subject to approval, will be paid out of the reserves. The dividend will be payable on or after July 5, 1971, to those shareholders whose names stand on the register on June 25, 1971. The company has made satisfactory progress during the year under review. The total gross income increased by 18.7 per cent from Rs 20.28 lakhs in the preceding year to Rs 24.08 lakhs during the year under review. At the same time the expenditure also went up by 14.5 per cent from Rs 20.20 lakhs to Rs 23.14 lakhs due to the expansion activities and increase in cost. Thus the rate of increase in income has had a clear edge over the rate of increase of expenditure. Even while an all-

round expansion was in progress, the company has consolidated its position. The company's profit after providing for depreciation rose from Rs 9,183 for 1969 to Rs 95,213 for the latest year. The entire loss of Rs 31,084 brought forward from the preceding year has been wiped off. After providing Rs 45,000 for taxation (nil), a net surplus of Rs 19,129 has been transferred to the general reserves.

Notice

THE SOUTH MADRAS ELECTRIC SUPPLY CORPORATION LIMITED

Registered Office:

Power House, Tennur,
TIRUCHIRAPALLI-17

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT an Extra-ordinary General Meeting of the shareholders of the Company will be

held at the Registered Office of the Company at Power House, Tennur, Tiruchirappalli-17 at 4.00 p.m. on Saturday, the Nineteenth June 1971 to transact the Special business as per Notice posted to the Members individually at their addresses. Explanatory Statement to the Special business as required under Section 173 of the Companies Act, 1956 has been sent along with the Notices.

A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of himself. Such proxy need not be a member of the Company.

(By Order of the Board)

FOR THE SOUTH MADRAS ELECTRIC

SUPPLY CORPORATION LIMITED

H. K. RAMASWAMI

Managing Director.

TIRUCHIRAPALLI, 13th May 1971.

*A dream
today,
a reality
tomorrow*

Today at Mithapur, young India, conscious of the past, urged on by the present, confidently dreams of a glorious tomorrow.

Their immediate dream is of a new complex—massive, self-sustaining, long-range and innovative—harnessing the sea, the sun and ultimately the atom to banish hunger from their land and to generate greater economic self-sufficiency, more and more independence.

There is a beginning but there is no end to the work of bringing purposeful prosperity to the people of India. Harness the sea, the sun, the atom and from Okhamandal—the land of salt—fertility will flow to the entire country.

TATA CHEMICALS LIMITED



Notices**THE CENTURY SPG. & MFG.
COMPANY LIMITED**

Registered Office:

"Century Bhavan"

Dr Annie Besant Road
BOMBAY-25 DD**NOTICE OF MEETING**

NOTICE IS HEREBY GIVEN THAT THE Seventy-fourth Annual General Meeting of the Shareholders of the Company will be held at Birla Matushri Sabhagar, 19 Marine Lines, Bombay-20 on Tuesday the 22nd June, 1971 at 4 p.m. to transact with or without modifications as may be permissible, the ordinary business mentioned in the Notice which is being posted to the shareholders along with the Balance Sheet, Profit and Loss Account and the Directors' Report for the year ended 31-12-1970.

NOTES:—

a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

b) The Register of Members and Transfer Books in respect of both the Equity and Preference Shares of the Company will be closed from 1st June, 1971 to 22nd June, 1971 both days inclusive.

c) Dividend on Equity Shares when sanctioned will be made payable at United Commercial Bank, Worli Branch, Bombay from 7th July, 1971 to those Shareholders whose names stand on the Register on 22nd June, 1971 and to whom dividend warrants will be posted.

By Order of the Board,
D. K. AGRAWAL
Secretary.

BOMBAY,

Dated: 23rd April, 1971.

**DALMIA CEMENT (BHARAT)
LIMITED**

Registered Office:

DALMIAPURAM (Tamil Nadu)

THE NINETEENTH ANNUAL GENERAL Meeting of the Shareholders of the Company will be held at Dalmiapuram in the Auditorium on 25th June, 1971 at 11.00 a.m. Notices of the meeting setting out the Agenda, etc. are being sent to the Shareholders by post. The Register of Members of the Company will remain closed from 8th June, 1971 to 25th June, 1971 both days inclusive. The dividend for the year 1970, when declared will be pay-

able to those Shareholders whose names would appear in the Register of Members as on 25th June, 1971.

By Order of the Board,
P. T. HINDUJA
Secretary.

NEW DELHI,
12th May, 1971.

**BRADY & MORRIS ENGINEERING
COMPANY LIMITED****NOTICE**

NOTICE IS HEREBY GIVEN THAT the Twenty-fifth Annual General Meeting of the Shareholders of Brady & Morris Engineering Company Limited will be held at the Company's Registered Office, "Brady House," 12-14, Veer Nariman Road, Fort, Bombay-1 BR, on Monday the 14th day of June, 1971 at 4.00 p.m. to transact the following business:

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st December, 1970, and Balance Sheet as at 31st December 1970.
2. To declare a Dividend.
3. To appoint a Director in place of Mr K. M. Diwanji, who retires by rotation in accordance with Article 158 of the Articles of Association of the Company and is eligible for re-election.
4. To appoint Auditors for the current year and fix their remuneration.

By Order of the Board of Directors,
M. K. SHAH,
Secretary.

Registered Office:

"BRADY HOUSE,"
12-14, VEER NARIMAN ROAD,
FORT, BOMBAY-1 BR.

Date: 12th May, 1971.

Notes:

(1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER.

(2) Pursuant to Section 154 of the Companies Act, 1956, the Register of Members will be closed from Monday the 31st day of May 1971 to Monday the 14th day of June 1971 (both days inclusive), and that the Share Transfer Books will also be closed during the same period.

(3) The Dividend when declared will be made payable on and after the 21st day of June 1971 through Bank of India, Bombay. The Dividend Warrants will be posted to those Shareholders whose names stand on the Register of Members on the 14th June 1971.

ESCORTS LIMITED

Registered Office:

Escorts House,
Roshanara Road,
DELHI-7

**NOTICE UNDER SECTION 154 OF
THE COMPANIES ACT, 1956**

NOTICE IS HEREBY GIVEN THAT the Register of Members of the Company (both Equity and Preference capital) will remain closed from 16th June, 1971 to 29th June, 1971 (both days inclusive) in connection with declaration of dividend for the year ended 31st December, 1970. The dividend, when declared, will be payable to those members whose names would appear on the Register of Members on 29th June, 1971.

By Order of the Board,
CHARANJIT SINGH
Secretary

17th May, 1971.

**THE STANDARD MILLS
COMPANY LIMITED**

Registered Office:

Mafatlal House,
Backbay Reclamation,
BOMBAY-20 BR

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Register of 7½ per cent Convertible Bondholders of the Company will be closed from Wednesday, the 16th June, 1971 to Wednesday, the 30th June, 1971 (both days inclusive) for payment of interest for the half-year ending 30th June, 1971. The 7½ per cent Convertible Bond Transfer Books of the Company will also remain closed for the aforesaid period. The interest will be paid from Wednesday the 30th June, 1971 to Thursday, the 30th September, 1971 (both days inclusive) at all the Offices in India of Central Bank of India and thereafter at the Registered Office of the Company during office hours on all working days to those Bondholders whose names stand on the Register of Bondholders on 30th June, 1971.

By Order of the Board,
P. S. KANUNGO
Secretary.

BOMBAY,
13th May, 1971.

Note: Bondholders are requested to notify to the Company any change in their Registered Address.

EQUITIES

Buoyancy towards end

BOMBAY, May 26

AFTER being listless almost throughout the week, equities turned buoyant on suggestions that the Budget might not prove to be harsh on the private sector. Indeed the market felt encouraged by the Railway Budget but operators had refrained from fresh commitments.

Strangely enough, sugar shares failed to react to the Centre's decision decontrolling the commodity. Not all of them came for trading even on Wednesday. The trend, however, was steady in keeping with the general disposition of the market. Maharashtra and Phaltan were mentioned at Rs 92 and Rs 71 respectively.

Among individual scrips, Century was mentioned at Rs 880 at the close of trading on Wednesday, the firmness also being induced by reports regarding the company's efforts in the direction of joint ventures outside India.

Corporate report, continued to be good, although this factor was ignored during the week. However, Synthetic and Chemicals has proposed to double the dividend to 12 per cent while Tensile has proposed a maiden dividend of Rs 12 per share. Alembic Glass has bettered its profits and Sandvik Asia has been doing well. But these would not influence the market at Budget time.

New Great Eastern Spinning Mills seems to be in a poor way, the profit for 1970 having sizably gone down. The directors make no secret of their anxiety about the outlook for the current year. This seems to be the feeling among many in the textile industry and Mr Kasturbhai Lalbhai confirmed the market's suspicions when recently he told the shareholders of Arvind Mills that out of the nearly 650 cotton mills in the country, about 300 would be hit very hard and would make a loss in the current year while the profits of the rest would decline sharply.

During the first four months of the current calendar year the industry has fared rather poorly. Production of yarn has declined from 327.8 million kg to 293.4 million kg and that of fabrics from 1,413.5 million metres to 1,321.1 million metres. Stocks have risen and there has been a fall in exports.

It is therefore reasonable to expect that so long as the abnormal rise in cotton prices and the shortage of the commodity continues, no support to mill shares would be forthcoming. During the week, however, the market in textile shares was fairly steady in sympathy with the general trend. Standard was mentioned at Rs 669.

Among shippings, Great Eastern was bid up to Rs 40 on rumours that the development rebate would be left untouched. Steels were firm with Tata at Rs 103.75 and Indian Iron at Rs 12. Scindia fetched Rs 21.60. National Rayon was quoted at Rs 523 towards the close, and Telco at Rs 243.50. Among cash scrips, Bayer, PIL, Nocil, Elpro and Borosil Glass were particularly noteworthy.

THE WEEK'S PRICE RANGE

	Closing quotations 19-5-1971	High	Low	Closing quotations 26-5-1971		Closing quotations 19-5-1971	High	Low	Closing quotations 26-5-1971
FORWARD					Miscellaneous				
Textiles					Textiles				
Ahu Advance (100)	231 00**	231 00	221 50	221 50**	Bombay Burmah (25)	45 75**	46 20	45 50	46 25**
Bombay Dyeing (25)	38 00**	38 25	37 25	37 75**	Hindustan Motors	12 24**	12 35	12 16	12 24**
Central India (50)	44 50**	42 00	40 00	41 00**	(10)	14 56**	—	—	14 56**
Century (100)	875 00**	885 00	867 00	869 00**	Indian Copper (2 sh)	3 92**	3 90	3 50	3 78**
Dawn (50)	68 00**	—	—	68 00**	Premier Automobiles	53 00**	55 00	52 00	54 50**
Elphinstone (50)	78 50**	24 52	23 00	78 50**	Pro Construction	125 00**	126 00	121 00	125 00**
Finlay (100)	162 00**	162 00	161 00	162 00**	(50)	178 00**	—	—	178 00**
Gokak (100)	157 00**	157 50	156 50	157 00**	Shivrajpur (10)	6 78**	—	—	6 78**
Gwalior Rayon (10)	39 50**	39 50	39 00	39 50**	Sirpur Paper (10)	12 68**	12 80	12 52	12 72**
India United Ord (10)	1 20**	—	—	1 20**	Tata Oil (25)	71 00**	72 50	71 00	71 50**
Khatana (100)	157 00**	158 00	156 00	157 00**	W Coast Paper (100)	215 00**	216 00	211 00	215 00**
Kohinoor (100)	229 00**	234 00	228 00	231 00**	Wimco (100)	151 00**	151 50	151 00	151 50**
Morjee (100)	277 00**	278 00	275 00	275 00**	CASH				
National Rayon (100)	520 00**	520 50	515 00	520 00**	Textiles				
Phoenix (100)	69 00**	—	—	69 00**	Baroda Rayon (100)	117 00	118 00	116 00	118 00
Podar (10)	9 88	9 88	9 40	9 88	Bradbury (50)	347 00	347 00	347 00	347 00
Shreejiwala (100)	125 00**	—	—	125 00**	Century Enka (100)	84 75	84 75	84 00	84 00
Simplex (50)	104 00**	104 00	101 00	102 00**	Gold Mohur (100)	151 00	140 00	135 00	135 50
Standard (100)	698 00**	673 00	659 00	699 00**	Indian Rayon (100)	79 00	75 00	72 00	75 00
Svadani (100)	140 00**	140 00	138 00	140 00**	Lakshmi Vastu (100)	80 00	81 00	79 00	81 50
Swan (100)	137 00**	137 00	135 00	137 00**	Mahindra (100)	388 75	390 00	382 50	387 50
Tata Mills (25)	31 50**	31 50	28 00	31 50**	Modela Woollen (10)	10 08	—	—	10 08
Electric					Raghuvanshi (100)	92 50	—	—	92 50
Ahmedabad (100)	101 00**	100 75	100 00	100 50**	Raymond Woollen	—	—	—	—
Andhra Valley (100)	144 50**	148 50	146 00	144 00**	Shree Ram (100)	20 00	—	—	20 00
B Suburban (100)	121 00**	—	—	121 00**	S J Viscrae (100)	84 00	—	—	84 00
Tata Hydro (100)	147 00**	147 50	146 50	147 00**	Western India (250)	177 00	179 00	175 50	179 00
Tata Power (100)	141 75**	148 00	146 00	141 75**	Insurance				
Steel					British India (10)	17 24	—	—	17 24
Indian Iron (10)	11 80**	12 00	11 60	12 00**	Indian Mercantile	—	—	—	—
Mukand (10)	18 24**	19 24	18 00	18 24**	(50)	77 00	—	—	77 00
Tata Steel (75)	101 50**	103 75	101 50	101 50**	New Great (25)	39 50	—	—	39 50
Engineering					New India (16)	40 00	38 00	—	40 00
Alcock (100)	44 50**	—	—	44 50**	Vulcan (10)	16 12	—	—	16 12
Cooper (100)	60 00**	60 00	57 00	60 00**	Electric				
Larsen & Toubro (10)	23 88**	24 12	23 52	23 88**	Amalgamated (10)	10 08	10 08	10 04	10 04
Tata Eng. & Loco	244 00	244 00	237 00	244 00	Surat (100)	120 50	—	—	120 50
(100)	272 50	272 50	262 50	272 50	Cement				
SLM—Manekia (100)	221 00**	221 00	218 00	221 00**	Myson Cement (10)	17 40	—	—	17 40
Volta (100)	221 00**	221 00	218 00	221 00**	Saurashtra Cement	180 00	—	—	180 00
Dyes & Chem.					(100)	—	—	—	—
Apar Dye-Chem. (100)	231 25	231 25	220 00	231 25	Paper				
Indian Dyestuff (100)	322 00	322 00	310 50	322 00	Andhra Paper	136 00	—	—	136 00
Polychem (50)	138 00	138 00	132 00	138 00	(100) (old)	—	—	—	—
Tata Chemicals (10)	31 50	31 50	30 75	31 50	Anil Hardboards	72 50	72 50	70 00	72 50
Shipping					Jayant Paper (100)	140 00	147 50	140 00	140 00
Great Eastern (10)	40 00	40 00	35 50	40 00	Robit (100)	117 00	—	—	117 00
Scindia (20)	21 84	21 84	20 30	21 84	Steel Metals				
Cement					Alloys				
A C C (100)	134 00**	134 00	132 50	133 75**	Ferro Alloys (100)	102 00	103 00	101 00	103 00
Orissa (10)	18 20	18 20	18 12	18 20	Hind Aluminum (10)	36 50	36 75	35 25	36 25
Shree Digvijay (100)	168 00	168 00	151 00	168 00	Khandolwal Ferro	152 00	152 00	150 00	150 00
Sugar					(100)	—	—	—	—
Belapur (50)	74 00**	—	—	74 00**	Engineering				
Maharashtra (50)	94 00	94 00	91 00	94 00	Associated Bearings	294 00	295 00	290 00	295 00
Phaltan (50)	71 00	71 00	69 50	71 00	(100)	—	—	—	—
Walchandnagar (100)	105 00**	—	—	105 00**	Hind Fractors (100)	125 00	120 00	118 75	120 00
Cash					Jyoti (100)	14 00	15 00	14 50	15 00
Bayer (India) (100)	254 00	254 00	253 00	254 00	Kirloskar Oils (10)	14 00	14 30	14 25	14 24
Chem & Fibres (10)	44 00	44 25	43 00	44 00	New Standard (100)	103 00	104 00	100 00	103 00
Colour Chem (100)	258 75	258 75	255 00	258 75	Sahdevik Asia (100)	303 00	303 00	288 00	289 50
Nat. Organic (100)	278 00	278 00	272 00	278 00	F Manekia (100)	390 00	—	—	392 50
Pfizer (10)	36 00	36 25	35 65	36 00	Zenith Steel (10)	18 80	19 00	18 00	19 00
Polycolins Ind (100)	239 00	240 00	234 00	239 00	Cables & Elec.				
Santol (10)	18 00	19 00	18 24	19 00	Asian Cables (100)	79 00	80 00	78 50	79 00
Synthetics (100)	189 00	191 00	185 00	189 00	Crompton Greaves	216 25	215 00	213 75	215 00
Miscellaneous					Mahendra Elec (100)	119 00	—	—	119 00
Camphor & Allied	240 00	—	—	240 00	Standard Batteries	212 50	—	—	212 50
(100)	—	—	—	—	(100)	—	—	—	—
Cash Pyres (100)	262 50	265 00	261 25	262 50	Chemicals				
Fibre Glass (10)	15 82	16 74	15 12	15 76	Bayer (India) (100)	254 00	253 00	254 50	253 00
Gammox India (10)	5 00	5 08	4 94	5 00	Chem & Fibres (10)	44 00	44 25	43 00	44 00
Hindustan Lever (10)	21 52	21 76	21 24	21 76	Colour Chem (100)	258 75	258 75	255 00	258 75
Kiltek Nylon (100)	95 00	—	—	95 00	Nat. Organic (100)	278 00	278 00	272 00	278 00
Motor Industries (100)	45 75	45 50	45 00	45 75	Pfizer (10)	36 00	36 25	35 65	36 25
P Magnets (100)	160 00	167 50	153 75	160 00	Polycolins Ind (100)	239 00	240 00	234 00	239 00
W H Brady (150)	150 00	—	—	150 00	Santol (10)	18 00	19 00	18 24	19 00

* Ex-dividend. † Cum right. ‡ Ex right. ** Basis as for Hand Delivery. †† Squaring up deals.
Note: Figures within brackets indicate the paid-up value of shares.
Wherever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

Taxation proposals

(Concluded from page 963)

existing provision in the Wealth Tax Act excluding from aggregation the assets transferred by an individual to the spouse or minor children is being done away with. A similar provision is being made in respect of conversion of assets of individuals into those of Hindu undivided families. All these changes will have revenue significance only in future and the annual additional yield could be around Rs 145 crores. What is more important, they will impose a virtual ceiling on individual wealth at a much lower level than at present.

Conversion of the separate property of an individual into property belonging to a Hindu undivided family will be brought within the ambit of gift tax.

Taxation of companies

The rates of surtax on company profits will be increased from 25 per cent to 30 per cent in the case of chargeable profits in excess of 15 per cent of the capital. The rates of taxation on the ordinary income of companies are being maintained at existing levels except for the rates on capital gains.

No development rebate in respect of new investment will be allowed on ships acquired or machinery or plant installed after May 31, 1974—from the Fifth Plan onwards. Advance notice of this change may quicken the pace of investment in the remaining years of the Fourth Plan.

At present, in the case of new industrial undertakings, ships and approved hotels, profits up to 6 per cent of the capital employed are entitled to tax exemption for a period of five years. In calculating this limit of the capital for purposes of tax exemption, debentures and long-term borrowings will be excluded. This measure will yield Rs 10 crores during the current year and Rs 14 crores in a full year.

The special tax exemption enjoyed by priority industries is to be brought down from 8 per cent to 5 per cent of their profits. In addition, the list of priority industries is to be shortened by excluding aluminium, motor trucks and buses, cement and refractories, soda ash, petrochemicals and automobile ancillaries. These two measures are likely to yield Rs 6 crores this year and Rs 8 crores in a full year.

The deduction of income up to Rs 3,000 in the aggregate from investments in specified financial assets which was provided for last year will from now on be admissible only to individuals and Hindu undivided families.

The concessional tax treatment of dividends received by foreign companies from

a closely-held Indian company engaged in a priority industry will be discontinued; the foreign companies will be subjected to tax on such dividends at the usual rate of 24.5 per cent.

To discourage payment of high salaries and remunerations it is proposed to impose a ceiling of Rs 5,000 per month on the remuneration of company employees which would be deductible in computing taxable profits. The existing ceiling in case of perquisites is Rs 1,000 per month. It is also proposed to reduce the tax deductible limits of daily allowance to employees while on tour.

Concessions

In the case of employees who own a motorcycle, or scooter or a moped, the deduction allowed for the computation of taxable income is to be raised from Rs 60 to Rs 75 per month. For others who do not possess any of these, the deduction will be raised from Rs 35 to Rs 50 per month.

The quantum of deduction in respect of long-term savings through life insurance, provident fund contributions, etc., is being substantially modified. As a result of the change in the deductions allowed for conveyance and long-term savings, an employee with an annual income of Rs 6,000 will be exempt from income-tax provided he saves at least Rs 400 in the approved form.

The tax concessions for promoting development and export of technical know-how and technical services, which have been available only to companies, will now also apply to individuals, Hindu undivided families and partnership firms.

The special reduction of income up to Rs 3,000 from investments in specified financial assets available to individuals and Hindu undivided families would henceforth also cover interest on deposits with a co-operative society made by its members. Moreover, the interest paid by a co-operative society to its members on deposits made by them will be exempted from the requirement of deduction of tax at source.

Shares of member-deposits with a co-operative society will be regarded as approved investments which are exempt from wealth tax up to Rs 1.5 lakhs. But it is proposed to withdraw the exemption in respect of such investments in the case of discretionary trusts.

Co-operative societies of workers or those engaged in fishing and allied activities will be exempted from tax on their entire business income. Local authorities deriving income from the supply of water or electricity to villages outside their jurisdiction will be exempted from tax on such incomes.

Indirect taxation

It is proposed to have five slabs of duty on cigarettes in place of the existing three. By suitable adjustments of the basic and additional duties on these slabs, it is hoped to raise during the current year Rs 33.20 crores of which Rs 16.40 crores would go to the States by way of additional excise in lieu of sales tax. The effect of the proposals would be a marginal increase in the price of cheaper varieties of cigarettes but a much sharper increase for the more expensive varieties.

The impost on textiles will be modest this year. It is proposed to step up slightly the additional excise duties on medium A and medium B varieties of cotton textiles from 4.8 paise to 6 paise per square metre and also to round off the additional duty leviable on coarse cloth from 3.6 paise to 4 paise per square metre. As for superfine and fine cloth, the rates of additional excise duty are being raised to 25 paise and 15 paise respectively per metre. The charges should bring in an additional revenue of Rs 4.90 crores which will accrue entirely to the States.

To curb the consumption of petroleum and petroleum products which absorb scarce foreign exchange, it is proposed to increase the duty on motor spirit by Rs 200 per kilo litre or 20 paise per litre. This measure would fetch an additional revenue of Rs 36.30 crores in the current year.

To discourage the misuse of certain special boiling point spirits as adulterants for motor spirits, the duty on these is to be raised from Rs 45 to Rs 845 per kilo litre. This will yield Rs 4.25 crores during the current year.

Similarly an extra duty of Rs 100 per metric ton is being imposed on mineral turpentine oil to prevent its adulteration with superior kerosene. In the case of liquid petroleum gas, a specific duty of 25 paise per kilogram is to be imposed and the *ad valorem* duty of 20 per cent abolished. The rate of duty which at present obtains on lubricating stock oils and greases directly derived from refined petroleum would also now apply to blended lubricating oils, greases and calcined petroleum coke. These measures are expected to yield Rs 9 crores during 1971-72.

Exemptions given to gases such as oxygen, chlorine, ammonia and refrigerant gases are being withdrawn. But oxygen for medical use and ammonia used in the manufacture of fertilisers would continue to be exempted from duty. This measure would yield Rs 1.60 crores.

The basic duty on glassware is to be raised to 20 per cent and that on sheet and plate glass to 15 per cent. Glass shells, glass globes and laboratory glassware would be left untouched. Tableware and china which were left undisturbed last year, will now attract a uniform duty of 20 per cent. These changes will bring in about Rs 3.15 crores this year.

The evaporative type of coolers, which have hitherto been exempt from duty, will now be charged a duty of 25 per cent but will be exempted from the payment of the special excise duty. Vacuum flasks, exempt till now, will have to bear a levy of 15 per cent *ad valorem*. The additional revenue this year would be Rs 54 lakhs.

It is proposed to revise the duty on soap from the present effective rate of 11.4

is sold at bookstalls and
COMMERCE news-stands in 59 important
cities throughout the country.

per cent to 15 per cent. This would result in only a marginal increase in the price of toilet soaps. Household and laundry soaps are being left untouched.

The duty on latex foam sponge used extensively in the manufacture of foam mattresses is to be doubled from the present rate of 20 per cent *ad valorem*. A similar levy will be imposed on polyurethane foam as well as certain products made out of it. The basic rate of duty on plates, sheets and strips of rubber is also being stepped up from 20 per cent to 25 per cent *ad valorem* (Yield Rs 260 crores)

The duty on crown corks and pilfer proof caps is to be raised from one paise to two paise each (Yield Rs 190 crores)

Indirect taxes are to be levied selectively on products and equipments used in agricultural operations by the richer sections of the peasantry. There is to be a duty of 10 per cent *ad valorem* on agricultural tractors (Yield Rs 240 crores)

Several new items are being introduced into the orbit of Central excise taxation. The items include perfumed hair oil, shampoos, lipsticks, pressure cookers, playing cards, zip fasteners, photographic cameras, cinematographic projectors, and linoleum—excise levies on which would have little effect on the level of living of the overwhelming mass of the community.

Similarly, there is to be a levy on certain ready-made garments mostly purchased by the well-to-do. In order to protect the small manufacturers, this levy will be confined to ready-made garments manufactured with the use of power and sold under registered trade marks or brand names.

It is proposed to introduce an excise levy on a number of producer goods and four more chemicals are being added to the list of excisable chemicals. (These various measures to yield Rs 15 crores)

It is proposed to levy a duty of 10 paise per kilogram on maida produced by roller flour mills in the organised sector. This measure is intended to meet the cost of the programme for children's health and nutrition. The yield of this levy—Rs 74 crores—which will accrue to the Centre, will be earmarked for being spent on the welfare of children. The States will receive nearly Rs 18 crores from this measure.

The Finance Minister also announced a few excise concessions designed to promote the use of minor oils in the manufacture of soap and to provide some relief to the small and marginal units using power-looms for manufacturing cotton fabrics. These concessions would cost the exchequer Rs 150 crores for the remaining part of the year.

All the proposals for excise duties together will yield during the current year roughly Rs 89 crores for the Centre and Rs 43 crores for the States.

Other measures

A tax is proposed on foreign travel. It will be levied at the rate of 20 per cent *ad valorem* on all tickets purchased in rupees; tickets paid for in foreign exchange will be exempt. The only other major exemption would be for students and scientists. (Estimated revenue Rs 7 crores.)

P and T tariffs

There is to be an upward revision of tariff relating to registration fees for postal articles and telegraph and telephone rates. Items used by the less-affluent sections of the society like post cards, letter cards and letters have been left untouched. The registration and postal fees are being raised by 5 paise and 10 paise respectively for 400 grams. There are also minor adjustments in the charges for telegrams consisting of more than eight words as well as the rentals for telephones, teleprinters and telex services.

Import duties

It is proposed to reduce the number of import duties from the present seven rates to four. The new rates of duty are 30 per

cent, 40 per cent, 60 per cent and 100 per cent.

All items of machinery now attract 30 per cent import levy. This would mean a marginal increase of 25 percentage points on project imports, and reduction of duty by 5 percentage points on machinery in general, this reduction would provide relief to smaller industrial units. Items such as agricultural machinery and implements, dairy and poultry appliances would now attract duty at 30 per cent instead of 15 per cent.

It is also proposed to bring under one rate of duty all similar items.

In order to remove an anomaly in import duties, which enabled the import of automobile components and dry fruits mostly by the affluent, the levy has been enhanced from 60 to 100 per cent. The duty on clothes is being increased from Rs 18 per kilogram to Rs 60.

As a result of the release from the General Agreement on Tariffs and Trade, changes in the import duties can now be effected. This opportunity has been utilised to revise the duty on staple fibre excluding yarn raw wool, unwrought copper, zinc and pig lead. With a view to narrowing the gap between the prices of import and indigenous tractors, a 30 per cent duty on imported tractors is proposed to be levied. A similar levy has been proposed on earth-shifting machinery.

The changes in import duties are expected to yield Rs 54 crores during the remaining part of the year.

Capital Budget: Receipts and disbursements

Revenue Budget		Receipts and disbursements	
		(Rs crores)	
		1970-71	1971-72
		(R1)	(R2)
RECEIPTS			
A Tax revenue			
(a) Tax on income		312 00	305 00
(b) Tax on profits		436 75	410 00
(c) Tax on capital gains		7 50	7 00
(d) Tax on wealth		18 00	16 00
(e) Tax on excise and sales		105 00	120 00
(f) Customs duties		1 812 75	1 800 00
(g) Other taxes and duties		52 13	50 04
Total gross tax revenue		1 134 13	1 097 50
Less transfer to States		948 30	950 00
(a) Taxes on income		7 17	6 80
(b) State duty		384 42	390 04
(c) Union excise duty			12 57*
Total transfer to States		713 89	755 43
Net tax revenue		420 24	342 07
B Non tax revenue			
(a) Debt service		611 27	630 12
(b) Currency and mint		98 07	99 36
(c) Other non tax revenue		100 41	210 88
Total non tax revenue		809 75	940 36
Total revenue receipts (net)		3 290 99	3 501 48
DISBURSEMENTS			
A Civil expenditure			
(a) Social and development services		310 85	313 72
(b) Economic services		14 55	15 17
(c) Public works		42 09	39 80
(d) Transport and communications		20 80	21 60
(e) Other expenditure		48 55	48 08
(f) Collection of taxes and duties		597 48	603 91
(g) Administrative services		189 70	200 93
(h) Currency and mint		24 06	26 92
(i) Miscellaneous		221 26	231 30
(j) Contributions and miscellaneous adjustments		10 77	13 07
(k) Extraordinary items		6 64	6 60
Total civil expenditure		1 498 28	1 564 10
B Defence expenditure (net)			
		1 017 84	1 010 80
C Grants in aid to States and Union Territories with legislature			
		630 10	629 00
Total revenue disbursements		3 166 22	3 193 90
Surplus (+) or deficit (-) on revenue account		124 77	307 58

(*) Effect of Budget proposals
(1) Includes PL 480 grants and food aid amounting to Rs 92 crores in R.E. 1970-71
(2) Excludes grants in aid to States and Union Territories with legislature shown separately
(3) Includes a plan provision of Rs 5.1 crores in Budget Estimates 1971-72 as against Rs. 437 crores in the Revised Estimates for 1970-71

Capital Budget: Receipts and disbursements		(Rs crores)	
		1970-71	1971-72
		(R1)	(R2)
RECEIPTS			
A Debt raised in India			
Gross borrowings		455 00	427 00
Less Repayments		233 40	291 30
Net		161 60	135 70
B Foreign loans			
(a) P.L. 480 Aid		84 00	81 37
(b) Dollar credit		15 00	50 00
(c) Rupee loan		13 21	9 59
(d) P.L. 480 deposits (net)		600 00	550 00
(e) Other loans		73 40	671 78
Total receipts (gross)		766 61	1163 33
Less Repayment of aid (other than P.L. 480)		200 25	195 46
Net		566 36	967 87
C Repayments of loans and advances			
		875 00	930 00
D Other items			
(a) Small savings		110 20	145 30
(b) Other receipts		104 79	418 96
Total		214 99	564 26
Total capital receipts		1 392 71	1 662 83
DISBURSEMENTS			
A Civil expenditure			
(a) Social and development services		348 87	322 30
(b) Economic services		71 25	50 40
(c) Public works		62 04	71 85
(d) Transport and communications		28 71	30 67
(e) Other expenditure		12 03	14 28
(f) Currency and mint		20 16	14 88
(g) Miscellaneous		14 88	13 43
Total civil expenditure		524 86	496 03
B Defence expenditure			
		1 017 84	1 010 80
C Grants in aid to States and Union Territories with legislature			
		630 10	629 00
Total revenue disbursements		3 166 22	3 193 90
Surplus (+) or deficit (-) on capital account		124 77	307 58

(*) Effect of Budget proposals
(1) Includes Rs 75 crores of ad hoc treasury bills converted into dated securities

COMMODITIES

Spot cotton moves down

BOMBAY May 26

With the spinners' distinct apathy for extending their commitments in view of the paucity of credit facilities and of the right quality of cotton the prices tended to sweep lower levels in most varieties and the volume of transactions continued to remain negligible. Only such of the varieties, the quality of which remained attractive were able to command reasonable enough prices. In all other cases the rates either declined or were kept steady nominally, with no deals taking place.

Reports of accumulation of stocks with the growers in some of the upcountry centres, indicated that the situation elsewhere was no different from that obtaining in the city. Some of the terminal markets reported that the farmers were disinclined to bring kapas to the market on account of the discouraging offers.

The following has been the trend of prices of some of the leading varieties

(Rs per candy)

	For the week ended May 26	For the week ended May 19
Khandesh	2,100	2,100
Berar AK	1,800	1,800-2,100
Digvijay Dabhol	3,025	2,900
Berar L 147	2,400	2,400
Manavdar Co. 2	2,600	2,600

In the foreign section interest was confined to stray lots of Sudanese and American cotton in the main. In the context of the continued credit curbs, the response to the recent tenders issued by the Cotton Corporation of India is considered, in market circles, as encouraging.

The total imports that had reached the country during the current season continued to lag far behind the quantum received this time last year. According to the latest figures, foreign cotton arrivals as on May 1 have been placed at 2,17,590 bales. As against this imports on the

same date last year amounted to as much as 5,23,739 bales. Excepting for African cotton, cotton from all the other destinations remained on the lower side. Thus, imports from America topped the list with 98,488 bales (2,52,945 bales), from Egypt 42,005 bales (91,072 bales) and from the Sudan 31,133 bales (1,29,719 bales). Imports from Africa were put at 41,619 bales against 36,656 bales.

On the export front transactions were on a retail basis mostly confined to choice variety of Bengal Deshi Raw cotton registered for export as on May 15 amounted to 1,51,038 bales against 1,93,217 bales.

YARNS GAIN

BOMBAY May 26

A further gain in the prices of yarns featured trading in the yarns market during the past week. Art silk yarns gained further ground during the week due to paucity of stocks. The slack arrivals in the wake of increased demand especially from upcountry centres imparted strength. Staple fibre yarns were fully maintained. Cotton yarns continued to be sluggish.

In the art silk yarns section 150D National Rayon gained 62 paise to Rs 17.99. 120D put on 11 paise to Rs 19.71. 150D Bright Century spun on 62 paise to Rs 17.99. 120D gathered 42 paise to Rs 19.71. 100D Bright South India improved by 82 paise to Rs 23.02 due to slackened arrivals. Staple fibre yarns (2 x 34 nF) spot Kirari was fully maintained at last week's level of Rs 11.24.

OILSEEDS BUOYANT

BOMBAY, May 26

Although arrivals of summer groundnut crop in the South continued to be satisfactory, groundnuts held firm. Apparently, stocks were being held in anticipation of still higher prices.

In addition to 20,000 tonnes of soyabean oil discharged recently and shipments of another 62,000 tonnes arranged for, reports indicate that 27,000 tonnes have been bought for June shipments. It is also said that Canada would supply 100,000 tonnes of rapeseed during the current season. All these point to a bearish outlook for the market.

Advices from London indicate lower prices for groundnut extractions with spot material being quoted at £38.75 and May/June at £42.50. Business is thin. Japanese buyers have shown interest at 90 dollars per tonne c & f Japanese main ports for July/Aug/Sept/Oct positions and slightly higher prices for distant positions.

The season in kardi seeds has come to an end. Local business has been good but so far as exports of kardi cakes are concerned, market men think that unless Japanese buyers reconcile themselves to pay between 60 and 65 dollars per tonne c & f Japanese ports, it would be impossible to procure more than 5,000 tonnes from India in the remaining months of the year.

Castor and linseed futures were extremely firm and buoyant on persistent speculative support.

Comparative prices in rupees were:

Item	19.5.1971	26.5.1971
Castor June	129.12	132.00
Castor September	130.75	134.50
Linseeds July	160.50	165.75
G. Nuts Khandesh	178.00	186.00
G. Nut oil	41.50	41.75
Castor Madras Small	132.00	131.00
Castor Comm. oil	28.00	28.25
Castor B.S. oil	30.75	31.00
Linseeds Bold	158.00	161.00
Linseed oil	35.00	35.25

FOODGRAINS FIRM

BOMBAY, May 26

In the local market, the prices of food grains moved up further during the past week. In cereals the prices of wheat (Pusa) at Rs 87.92 per quintal showed a rise of Rs 4 on account of good demand. The daily arrivals of wheat by both road and rail were together estimated at around 10,000 bags. The demand was slightly more than the arrivals. The city stock of wheat is meagre at 12,000 bags. In coarse grains the prices of bajra (superior variety) firmed up by Rs 2 to Rs 70-75 per quintal owing to the fall in daily arrivals in the face of good demand. The bajra stock in the local market was small at 15,000 bags. The old stock of maize is practically over. The arrivals of new crop have commenced on a small scale. The price was quoted at Rs 70 per quintal.

In pulses following encouraging upcountry advices the prices of gram at Rs 88-90 per quintal showed a further rise of Rs 3. Millers were active buyers. They mostly bought the gram stock sold by the Food Corporation of India. The city stock was very poor at 7,000 bags. Owing to the acute supply position the prices of urad (Khandesh) and tur (Berar white) at Rs 148.15 and Rs 122-125 per quintal, respectively, showed a rise of Rs 3 each. The prices of moong (Chini) at Rs 230-260 per quintal continued to rule steady. The supplies were limited and the demand was moderate.

SUGAR DECLINES

BOMBAY, May 26

In the local sugar market, the prices of sugar (C-30) at Rs 194-195 per quintal showed a fall of Rs 9 owing to the satisfactory pace of daily arrivals in the face of modern demand. Following the Union Government's decontrol of sugar prices declined still further by Rs 8-10 per quintal. The Government has also fixed a uniform rate of excise duty of 30 per cent *ad valorem* effective from May 26. So far, there were two rates—25 per cent and 37.5 per cent *ad valorem*, on levy sugar and free sale sugar, respectively.

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FOODGRAINS QUIET

HAPUR, May 24

Quiet conditions were witnessed in the food-grains market during the past week. Despite the inclement weather the arrival of wheat was good. Grim and other coarse grains arrivals were small. In pulses, peas prices advanced but others were devoid of activity. The untimely rain and hailstorm has considerably damaged the wheat crop and all threshing and winnowing operations have been suspended.

Wheat average is now quoted at Rs 72 to Rs 75, superior farm wheat at Rs 80 to Rs 82 and red Mexican variety at Rs 71.25 per quintal. Government procurement purchases were restricted. Arrivals were not being readily lifted even at lower than the procurement prices. Superior farm wheat, however, is being readily lifted to Bihar, Delhi and other centres. Rice prices were quiet despite increasing seasonal demand as the supply position was reported to be satisfactory. Week-end prices in rupees per quintal were: Rice Basmati Sela 165 to 180, katchha 165 to 182.50, Mainpuri Sela 105, Ramajwahan and Rajmunda 120 each and Gadda 95.

SUGAR STEADY

HAPUR, May 24

Sugar prices in the open market ruled steady as demand was fairly brisk. The trade is anxiously awaiting the release of the new monthly quota which is expected by the week-end. Week-end prices in rupees per quintal were: Inferior 178 to Rs 180 and superior 192 to 194. Sugar in retail was sold at Rs 1.90 to 2 per kg.

Desi Khandasari prices ruled quiet as stockists were withholding stocks expecting better prices. Galawat production will commence in mid-July after the onset of monsoon. Week-end prices in rupees per quintal were: Inferior 135 to 150,

superior 160 to 167.50, crystal 167.50 to 177.50 and boora 160 to 170.

KIPS LISTLESS

MADRAS, May 22

Arrivals of stocks from tanneries were of the usual volume and the offtake was fairly good, at unchanged prices.

The UK buyers booked business for light weight cow hides run fifties selection as also in inferior fifties grade in light and medium weights. Offers of cow calf were meagre. In goat skins, light weights attracted buyers from the Continent. The Japanese buyers evinced interest in 15/16 lbs goat skins. In the sheep section, suede selections only were in demand while other lines remained quiet. Shippers efforts to rouse interest in prime class at even six pence deduction did not meet with genuine response.

BULLION DIVERGENT

BOMBAY, May 26

A divergent trend prevailed in the bullion market during the past week. Silver which ruled strong in the past fortnight lost ground due to increased arrivals and slack offtake. The absence of upcountry demand also imparted weakness. Gold which scaled new highs last week came down. The increased contraband arrivals also pushed down the prices of the yellow metals. The demand from the south is yet pick up. Sovereign was fully maintained.

Silver (996 fineness) began the week Rs 350 higher at Rs 598.50 but lost ground in the following sessions. It receded further in the subsequent sessions and closed the week at Rs 596.50 today, the net loss over the week being Rs 1.50. The weekly delivery was mentioned at between Rs 596 and Rs 586. The weekly average arrivals

and offtake of silver aggregated 54 bars and 49 bars respectively.

Primary gold in unofficial trading commenced at last week's closing level of Rs 195 and improved in the following sessions. It wound up the week at Rs 196 today, with a net gain of a rupee over the week. Standard gold in official trading opened Rs 2 less at Rs 207.50 and declined in the following sessions. It closed the week at Rs 204 today, the net loss over the week being Rs 5. Sovereign was fully maintained at last week's level of Rs 175.

MONEY EASY

BOMBAY, May 26

Comfortable conditions continued to prevail in Bombay's short-term money market in the past week. The call rate was 4½ per cent. In Calcutta renewals were effected at 4½ per cent. In Madras the call rate was 4½ per cent.

Ninety-one days' Government of India treasury bills sold from May 17 to 22 amounted to Rs 10.55 crores as against Rs 8.56 crores in the previous week.

During the week ended May 14, foreign exchange reserves of the Reserve Bank of India increased by Rs 326 crores to Rs 376.45 crores. While foreign securities remained unchanged at Rs 303.42 crores, balances held abroad rose to Rs 73.03 crores from Rs 69.77 crores. There was a rise of Rs 23.36 crores at Rs 4,424.52 crores in notes in circulation. Deposits of scheduled commercial banks with the Reserve Bank of India moved up to Rs 228.31 crores from Rs 192.71 crores.

The week ended May 14 recorded a slight decline of Rs 3.31 crores at Rs 4,683.13 crores in the total credit made available by commercial banks. Aggregate deposits rose to Rs 6,008.45 crores from Rs 5,992.28 crores. Borrowings from the Reserve Bank were higher at Rs 208.19 crores (Rs 205.45 crores).

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STATISTICS

CENSUS 1971: GUJARAT

Table 1: District-wise basic population data

District	Population				Density of population per sq. km.		Sex ratio (females per '000 males) 1971
	1971	Percentage to total	Decadal increase (per cent) during		1961	1971	
			1961-61	1961-71			
1. Ahmedabad ..	29,05,233	10.9	32.55	36.38	245	331	807
2. Kaira ..	24,42,446	9.2	22.64	23.51	275	340	885
3. Mehsana ..	20,91,129	7.8	21.63	28.06	181	232	962
4. Baroda ..	19,76,106	7.4	20.02	29.39	196	254	903
5. Panchmahals ..	18,46,280	6.9	29.85	25.09	166	208	945
6. Surat ..	17,82,148	6.7	25.72	35.65	170	230	947
7. Junagadh ..	16,54,109	6.2	26.13	32.80	117	156	910
8. Rajkot ..	16,21,578	6.1	29.94	34.18	108	145	948
9. Bulsar ..	14,28,334	5.4	21.38	25.53	217	273	998
10. Bhavnagar ..	14,05,604	5.3	26.40	25.57	100	128	947
11. Banaskantha ..	12,65,257	4.7	28.72	27.02	78	100	941
12. Sabarkantha ..	11,86,833	4.5	34.20	29.20	124	161	965
13. Jamnagar ..	11,11,376	4.2	34.29	34.16	59	79	945
14. Broach ..	11,08,076	4.1	24.31	24.00	99	122	951
15. Kutch ..	8,49,557	3.2	22.70	21.99	15	19	1,018
16. Amreli ..	8,47,912	3.1	24.01	26.97	99	125	957
17. Surendranagar ..	8,45,919	3.0	30.97	27.58	63	81	943
18. Gandhinagar ..	2,00,581	0.8	14.51	46.34	211	309	928
19. Dangs ..	94,241	0.4	51.36	31.65	43	56	940
GUJARAT ..	2,66,60,929	100.0	26.88	29.21	105	136	938

NOTE: Districts are ranked by population.

SOURCE: Director of Census Operations, Gujarat, Census of India, Series 5, Paper 1 of 1971, *Provisional Population Totals, Gujarat*.

Table 3: Cities with a population of one lakh and above

City	Population	Percent-ago increase during 1961-71	Sex ratio (females per '000 males)
1. Ahmedabad City with urban agglomeration ..	17,46,111	44.79	832
Ahmedabad City ..	15,88,378	38.13	834
2. Surat City with urban agglomeration ..	4,92,091	71.08	886
Surat City ..	4,71,340	63.64	887
3. Baroda ..	1,67,254	58.69	863
4. Rajkot ..	2,97,891	53.44	923
5. Bhavnagar ..	2,26,255	28.21	917
6. Jamnagar City with urban agglomeration ..	2,27,480	53.10	914
Jamnagar City ..	2,14,853	44.61	917
7. Nadiad ..	1,07,908	36.68	891
Total for 3 urban agglomerations and 4 cities ..	35,65,570	..	..
As percent of Gujarat population ..	13.4	..	..

SOURCE: Director of Census Operations, Gujarat, Census of India, Series 5, Paper 1 of 1971, *Provisional Population Totals, Gujarat*.

Table 2: Trends in literacy—1961 and 1971

Rank in		District	Literacy percentage			
1961	1971		1961	1971	Increase during 1961-71	
					Per cent	Per cent point
1	1	Ahmedabad	42.22	48.75	15.5	6.43
2	2	Kaira	36.26	42.01	15.9	5.75
6	3	Gandhinagar	34.24	41.87	22.3	7.63
4	4	Baroda	35.21	40.67	15.5	5.46
9	5	Rajkot	31.74	39.23	23.6	7.49
3	5	Surat	35.46	39.23	10.6	3.77
7	6	Mehsana	33.88	38.87	14.7	4.99
8	7	Bulsar	33.08	37.47	13.3	4.39
5	8	Broach	34.26	35.82	4.6	1.56
10	9	Amroli	28.91	33.95	17.4	5.04
11	10	Bhavnagar	27.43	38.33	39.7	10.90
12	11	Jamnagar	26.55	31.92	20.2	5.37
16	12	Sabarkantha	24.03	30.92	28.7	6.89
15	13	Junagadh	24.42	30.60	25.3	6.18
14	14	Surendranagar	24.52	29.60	20.7	5.08
13	15	Kutch	25.00	29.47	17.9	4.47
17	16	Panchmahals	19.23	22.89	19.0	3.66
18	17	Banaskantha	12.73	15.68	23.2	2.95
19	18	Dangs	9.26	14.38	55.3	5.12
..	..	GUJARAT	30.45	35.70	17.2	5.25

SOURCE: Director of Census Operations, Gujarat, Census of India, Series 5, Paper 1 of 1971, *Provisional Population Totals, Gujarat*.

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	14-5-1971	7-5-1971	15-5-1970
Issue Department			
Notes held in Banking Department ..	10.17	10.16	15.64
Notes in circulation	4,424.52	4,401.16	4,055.88
Total notes issued	4,434.70	4,411.32	4,071.52
Gold coin and bullion	182.53	182.53	182.53
Foreign securities	303.42	303.42	396.42
Rupee coin	40.93	42.46	55.06
Government of India rupee securities ..	3,907.92	3,882.91	3,437.51
Banking Department			
Deposits of Central Government ..	83.70	103.93	90.68
Deposits of State Governments ..	3.18	4.25	4.78
Deposits of Scheduled Commercial Banks	228.31	192.71	180.71
Deposits of Scheduled State Co-operative Banks ..	10.16	9.40	8.72
Deposits of Non-Scheduled State Co-operative Banks ..	0.80	0.80	0.64
Deposits of other banks	0.27	0.33	0.20
Other Deposits	66.72	72.03	112.02
Other liabilities	769.66	730.37	617.95
Total liabilities or assets ..	1,152.80	1,113.83	1,021.70
Notes and coins	10.24	10.22	15.84
Balances held abroad	73.03	69.77	112.05
Loans and advances to—			
(i) Central Government	—	—	—
(ii) State Governments	401.88	378.08	198.87
Loans and advances to Scheduled Commercial Banks ..	208.19	205.45	269.88
Loans and advances to State Co-operative Banks ..	265.56	262.82	247.50
Other loans and advances	39.00	36.59	9.63
Bills purchased and discounted ..	31.29	33.47	18.13
Investments	73.55	67.51	100.21
Other assets	50.06	49.91	49.58

Note: The gold reserves of Issue Department are valued at Rs 53.58 per 10 grams upto January 31, 1969 and at Rs 84.39 per 10 grams thereafter.

COST OF LIVING INDEX: 1970-71 (Base: 1960=100)

Centre	Industrial workers			Urban non-manual employees		
	Dec.	Jan.	Feb.	Oct.	Nov.	Dec.
Ahmedabad ..	177	175	175	173	172	171
Ajmer ..	184	183	N.A.	170	170	169
Alwaye ..	197	195	192	(a)	(a)	(a)
Amritsar ..	194	191	N.A.	192	188	187
Bangalore ..	190	190	188	174	178	176
Bombay ..	183	181	182	171	171	168
Calcutta ..	185	177	175	175	174	171
Delhi ..	202	203	205	176	174	173
Digboi ..	195	190	185	(a)	(a)	(a)
Gwalior ..	186	189	189	185	192	189
Hyderabad ..	191	189	186	170	177	177
Jamshedpur ..	181	178	177	(a)	(a)	(a)
Kanpur ..	189	189	N.A.	181	179	176
Madras ..	174	173	172	178	180	181
Nagpur ..	191	188	185	171	170	168
Patna ..	(a)	(a)	(a)	194	194	191
Sambalpur ..	184	185	N.A.	180	180	176
Shillong ..	(a)	(a)	(a)	171	172	166
Srinagar ..	172	174	N.A.	185	186	187
Trivandrum ..	(a)	(a)	(a)	180	181	182
Yamunanagar ..	192	193	N.A.	(a)	(a)	(a)
All-India ..	186	184	184	177	177	175
All-India (corresponding month of 1969) ..	177	177	177	168	167	165

(a) The original source of data does not cover this centre.

MONEY RATES*

	1971			1970
	May 14	May 7	Apr. 30	May 15
Reserve Bank of India (Bank Rate) ..	6	6	6	5
Selected Major Scheduled Commercial Banks†				
Call money from Banks:				
Bombay	5.50	6.00	6.24	6.56
Calcutta	..	5.57	5.56	5.64
Madras	6.00	..	6.00	6.96

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.

† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	For the week ended (Friday)		
	14-5-1971	7-5-1971	15-5-1970
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks	145.53	145.74	122.39
(ii) From others	2,636.77	2,632.63	2,249.74
(b) Borrowings from banks	34.30	33.07	27.75
(c) Others	153.11	157.27	128.92
2. Time liabilities—			
(a) Time deposits—			
(i) From banks	32.19	29.30	35.29
(ii) From others	3,371.68	3,359.65	2,860.63
(b) Borrowings from banks	7.40	8.40	6.54
(c) Others	44.97	45.71	30.88
3. Aggregate deposits (1) (a) (ii) + (2) (a) (ii) ..	6,008.45	5,992.28	5,110.28
4. Borrowings from Reserve Bank ..	208.19	205.45	278.53
(a) Against usance bills and/or promissory notes	99.30	102.72	91.33
(b) Others	108.89	102.73	187.20
5. Borrowings from State Bank and/or a notified Bank and the State Governments ..	48.21	48.97	62.99
6. Cash	169.04	165.71	148.43
7. Balances with Reserve Bank ..	196.01	204.24	177.17
8. Cash and balances with Reserve Bank ..	365.05	369.95	325.60
9. S as per cent of 8	6.00	6.17	6.37
10. Balance with other banks in current account ..	67.96	67.41	54.12
11. Money at call and short notice ..	39.07	25.46	46.82
12. Investments in Government securities ..	1,361.36	1,358.11	1,184.48
13. S as per cent of 8	22.66	22.66	23.18
14. Advances—			
(a) Loans, cash credits and overdrafts	3,721.14	3,722.92	3,393.50
(b) Due from banks	33.32	31.76	40.75
15. Inland bills purchased and discounted ..	747.13	753.57	507.04
16. Foreign bills purchased and discounted ..	214.86	200.95	189.63
17. Total Bank Credit (14 (a) + 15 + 16) ..	4,683.13	4,686.44	4,099.16
18. S as per cent of 8	77.94	78.21	80.04

MONEY SUPPLY WITH THE PUBLIC

(Rs in crores)

	May 7, 1971	Variation over preceding		
		Week	Month	Year
Money Supply with the Public ..	7,346	47	31	722
Currency with the Public	4,574	74	46	848
Deposit Money with the Public ..	2,768	27	15	374
Factors affecting Money Supply				
Net Bank Credit to Government Sector	5,632	63	148	781
Net Bank Credit to Commercial Sector	2,024	21	124	147
Net Foreign Exchange Assets of Banking Sector	554	4	22	112
Other factors	864	1	15	94

RBI INDEX NUMBERS OF SECURITY PRICES

(1961 62=100)

Groups	Week ended		
	15-5-1971	17-4-1971	16-5-1970
Debentures—All-India ..	93.0	93.1	93.6
Preference Shares All India ..	85.1	85.4	89.1
Variable Dividend Industrial Securities			
Agriculture and Allied Activities ..	89.0	88.3	87.0
Mining and Quarrying	54.1	54.5	55.2
Processing and Manufacturing ..	97.4	98.1	91.0
All India—Total ..	100.5	101.1	97.9
Regional			
Bombay	111.2	114.3	111.2
Calcutta	97.6	96.6	91.9
Madras	88.7	89.1	86.6
Ahmedabad	78.5	80.7	82.5
Delhi	115.1	114.5	119.1

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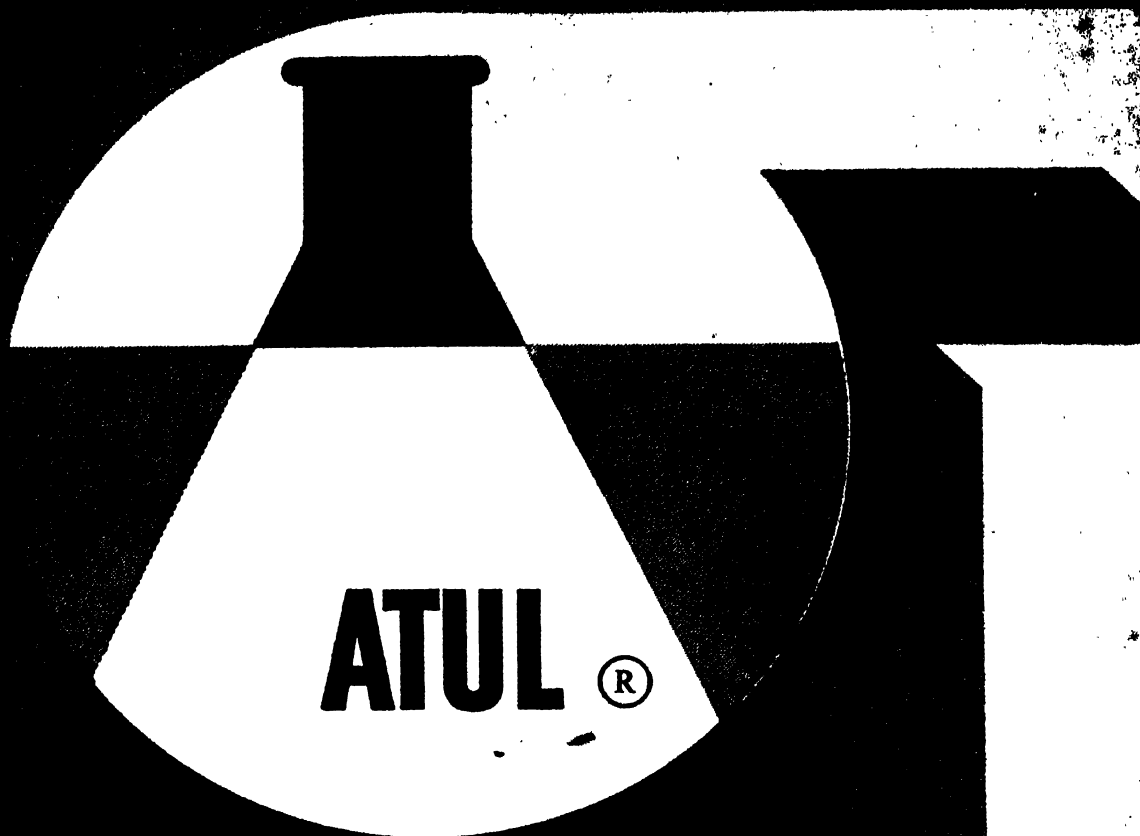
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Capital gains tax: (a) In the case of non-corporate assesseees, the deduction from long-term capital gains allowed in computing the taxable income has been scaled down from 45 per cent to 35 per cent where such gains relate to lands and buildings, and from 65 per cent to 50 per cent in respect of other capital gains.

(b) In the case of companies, the incidence of tax on long-term capital gains has been increased by raising the rates of tax from 40 per cent to 45 per cent in respect of gains relating to lands and buildings and from 30 to 35 per cent in respect of other gains.

Wealth tax: The proposals regarding wealth tax are fairly stiff and are likely to go a long way in reducing the concentration of wealth. Thus, the net wealth above Rs 15 lakhs will now onwards attract the uniform rate of 8 per cent against the existing rates of 4 per cent on net wealth between Rs 15 lakhs and Rs 20 lakhs and 5 per cent on net wealth above Rs 20 lakhs.

Further, while no wealth tax will be leviable unless the net wealth exceeded Rs 1 lakh in the case of individuals and Rs 2 lakhs in the case of Hindu undivided families, if they are liable to wealth tax it will apply to their entire wealth.

However, certain exemptions in respect of approved financial investments, owner-occupied houses and agricultural assets have been left undisturbed.

The incidence of wealth tax has been further tightened by withdrawing the exemption currently available for household or personal jewellery and for shares forming a part of the initial capital issues. In the case of conveyances, the exemption will now be limited to Rs 25,000 in the aggregate.

The existing provision of excluding from aggregation the assets transferred by an individual to the spouse or minor children has been done away with. A similar provision has been made in respect of conversion of the assets of individuals into those of Hindu undivided families.

Additional revenue during 1971-72: Nil.

Additional yield in a full year: Rs 145 crores.

Thus, a virtual ceiling on individual wealth would be imposed at a much lower level than at present. Further, to discourage evasion of tax, conversion of separate individual property into property belonging to a Hindu undivided family will be brought within the ambit of the gift tax.

Additional revenue during 1971-72: Rs 27 crores.

Additional revenue from all these proposals during a full year in the field of direct taxation: Rs 57 crores.

INDIRECT TAXES

Custom duties: In order to remove the existing anomalies, the Finance Minister has proposed to have only four effective rates of import duty (30, 40, 60 and 100 per cent) in place of the existing seven ad valorem rates (15, 27½, 35, 40, 50, 60 and 100 per cent).

All items of machinery have been proposed to be brought within the orbit of the 30 per cent import levy. This implies a marginal increase of 2.5 percentage points in the rate of duty in respect of project imports and a decline of 5 per-

Table 1: Items for which additional revenue is expected by way of additional Customs duties

Sl. No.	Item No. in the Import Schedule to the Indian Tariff Act	Brief description of goods	Present effective rate of duty	Proposed effective rate of duty	Additional revenue per annum (Rs lakhs)
(1)	(2)	(3)	(4)	(5)	(6)
1	16 (2)	Wool raw and wool tops	Nil	40%	(+) 788
2	46 (6)	Staple fibre excluding yarn	25%	100%	(+) 661
3	63 and sub items	Iron and Steel material ..	27½% (15% in few cases)	30% Steel tin plates and tinned sheets 40%	(+) 706
4	64 (2)	Copper, unwrought ..	Nil	30%	(+) 1485
5	67 (3)	Lead ingots, pigs and scrap ..	Nil	40%	(+) 320
6	68 (1)	Zinc, unwrought ..	Nil	40%	(+) 380
7	72	Agricultural tractors and parts	Nil	30%	(+) 450
8	72A	Machinery required for initial setting up of projects or for substantial expansion of existing projects	27½%	30%	(+) 300
9	75 (9), (10), (11), (12) etc.	Motor vehicle parts ..	60% (Standard), 62½% (UK)	100% (Standard), 92½% (UK)	(+) 660
10	Various	Others ..	Generally 27½%, 35%, 50% and 60%	40%, 60%, 100%	(+) 1000
Total additional revenue in a full year ..					6740
Loss on account of reduction in duty on machinery in general and certain other articles from 35% to 30% ..					(-) 729
Loss on account of new GATT concessions ..					(-) 11
Net additional revenue in a full year ..					(+) 6000

centage points in respect of machinery in general.

Items such as agricultural machinery and implements, and dairy and poultry farming appliances will also attract the duty at the rate of 30 per cent instead of 15 per cent.

Certain basic raw materials and non-ferrous metals will from now on be liable to the duty at the uniform rate of 40 per cent. Iron and steel and unwrought copper will, however, attract a lower duty of 30 per cent.

Items such as automobile components and dry fruits will attract 100 per cent import duty. The specific rate applicable to cloves has been increased from Rs 18 per kg to Rs 60 per kg.

The duty on staple fibre has been fixed at 100 per cent. On unwrought zinc, pig lead and raw wool, the duty will be 40 per cent and on copper 30 per cent. A levy of 30 per cent has also been imposed on imported tractors. The same rate will apply to the earth-moving machinery.

Additional yield during 1971-72 as a result of all the changes in custom duties: Rs 54 crores

Excise duties: The existing three slabs of duty on cigarettes have been replaced by five.

Additional revenue during 1971-72: Rs 33.20 crores.

Table 2: Items for which additional revenue is expected by way of additional Customs duties

Serial No.	Item(s) in the Import Schedule to the Indian Tariff Act	Brief description of goods	Additional revenue expected (+) per annum (Rs lakhs)
(1)	(2)	(3)	(4)
1	27 (6)	Motor Spirit ..	(+) 100
2	72	Agricultural tractors ..	(+) 200
3	Various	Others ..	(+) 100
Total ..			(+) 400

Additional excise duties on medium A and medium B varieties of cotton textiles are proposed to be stepped up from 4.8 paise to 6 paise per square metre, and on coarse cloth from 3.6 paise to 4 paise. However, the rates of additional excise duty on superfine and fine cloth have been raised to 25 paise and 15 paise respectively per square metre.

Additional revenue: Rs 4.90 crores.

Duty on motor spirit has been raised by Rs 200 per kilolitre or by 20 paise per litre.

Additional revenue during 1971-72: Rs 36.30 crores.

The duty on special boiling point spirit, known as solvent oil, has been increased from Rs 45 per kilolitre to Rs 845 per kilolitre. This will help avoid misuse of the oil as an adulterant for motor spirits.

Additional yield during 1971-72: Rs 4.25 crores.

An additional duty of Rs 100 per metric tonne has been imposed on mineral turpentine oil. This was imperative in view of the fact that it was being extensively misused as an adulterant for superior kerosene.

The ad valorem duty of 20 per cent on liquified petroleum gas is being abolished and, instead, a specific duty of 25 paise per kg is to be imposed.

Additional revenue during 1971-72: Rs 9 crores.

The duty exemption enjoyed by oxygen, chlorine, ammonia and refrigerant gases has been withdrawn. However, oxygen for medical use and ammonia used in the manufacture of fertilisers will continue to be exempted from duty.

Additional yield: Rs 1.60 crores.

The basic duty on glassware has been raised to 20 per cent and on sheet and plate glass to 15 per cent. Tableware, chinaware and porcelainware will attract a uniform duty of 20 per cent. Glass shells, glass globes and laboratory glassware have been left untouched.

Additional revenue during 1971-72: Rs 3.15 crores.

On evaporative type of coolers, 25 per cent duty has been imposed. Vacuum flasks, exempt till now, will from now on bear a levy of 15 per cent *ad valorem*.

Additional revenue during 1971-72: Rs 0.54 crores.

There has been an upward revision in the duty on toilet soaps from 11.4 per cent to 15 per cent. Household and laundry soaps have been left untouched.

Additional revenue during 1971-72: Rs 2.55 crores.

The duty on latex foam sponge has been doubled to 40 per cent *ad valorem*. A similar levy has been imposed on polyurethane foam and certain products made out of it.

The rate of duty on plates, sheets and strips of rubber has been stepped up from 20 per cent to 25 per cent *ad valorem*.

Additional revenue during 1971-72: Rs 2.60 crores.

Crown-corks and pilfer-proof caps will bear a duty of 2 paise each as against one

paise each till now.

Additional revenue: Rs 1.90 crores.

The duty on cement has been rounded off to 24 per cent from the existing 23.76 per cent.

The excise levy on prepared and preserved foods has been extended to include dehydrated, canned and bottled vegetables and on preparations of glucose and dextrose.

The special concession of 50 paise per kg on the basic excise duty for certain varieties of staple fibre has been withdrawn.

The duty on woollen yarn has been revised upward. A portion of the incidence has been shifted to wool tops.

The rates of duty on electric lighting bulbs (other than those of 60 watts and less), fluorescent tubes and electric fans

Table 3 : Central Excises—Abstract

(Rs lakhs)

		Estimated additional revenue in one full year								
S No.	Tariff Item No.	Commodity	Basic excise duty		Special excise duty		Additional excise duty in lieu of sales tax		Total	
			(+)	(-)	(+)	(-)	(+)	(-)	(+)	(-)
I. Existing Items										
1	1B	Prepared or preserved foods	12	—	—	—	—	—	12	—
2	1E	Glucose and dextrose	12	—	—	—	—	—	12	—
3	1II(2)	Cigarettes	1,661	—	333	—	1,950	—	3,948	—
4	6	Motor spirit	4,825	—	—	—	—	—	4,825	—
5	11A	Petroleum products not otherwise specified	110	—	—	—	—	—	110	—
6	13	Vegetable product	—	33	—	—	—	—	—	33
7	14AA	Chemicals	65	—	—	—	—	—	65	—
8	11BI	Sodium silicate	—	84	—	—	—	—	—	84
9	14F	Cosmetics	85	—	17	—	—	—	102	—
10	14H	Gases	190	—	—	—	—	—	190	—
11	15I	Soap	135	—	27	—	—	—	162	—
12	15A	Plastics	50	—	10	—	—	—	60	—
13	15AA	Surface active agents	130	—	—	—	—	—	130	—
14	16A	Rubber products	200	—	40	—	—	—	240	—
15	18A	Cotton yarn	62	—	—	—	—	—	62	—
16	18B	Woollen yarn	90	—	30	—	—	—	120	—
17	19	Cotton fabrics	—	22	—	—	580	—	558	—
18	22(2)	Art Silk fabrics	—	15	—	—	—	—	—	15
19	23	Cement	40	—	8	—	—	—	48	—
20	23A	Glass and glassware	240	—	10	—	—	—	250	—
21	23B	Chinaware	125	—	—	—	—	—	125	—
22	29A	Evaporative type coolers	20	—	—	—	—	—	20	—
23	32	Electric bulbs	158	—	—	32	—	—	126	—
24	33	Electric fans	70	—	14	—	—	—	84	—
25	33B	Electric wires and cables	150	—	—	—	—	—	150	—
26	34	Motor vehicles	400	—	—	—	—	—	400	—
27	41	Crown corks	160	—	—	—	—	—	160	—
28	42	Pilfer proof caps	65	—	—	—	—	—	65	—
29	43	Wool tops	110	—	—	—	—	—	110	—
30	44	Sparkling plugs	—	15	—	—	—	—	—	15
II. New Items										
1	1F	Maids	1,092	—	—	—	—	—	1,092	—
2	11B	Compounded lubricating oils and greases	900	—	—	—	—	—	900	—
3	11C	Calcined petroleum coke	40	—	—	—	—	—	40	—
4	22C	Linoleum	34	—	—	—	—	—	34	—
5	22D	Ready-made garments	250	—	—	—	—	—	250	—
6	22E	Typewriter ribbons	10	—	—	—	—	—	10	—
7	23D	Mosaic tiles	65	—	—	—	—	—	65	—
8	30B	Motor starters	75	—	—	—	—	—	75	—
9	33E	Electricity supply meters	120	—	—	—	—	—	120	—
10	34A	Motor vehicle parts and accessories	160	—	—	—	—	—	160	—
11	34B	Fork lift trucks and platform trucks	40	—	—	—	—	—	40	—
12	37B	Cinematograph projectors	24	—	—	—	—	—	24	—
13	37C	Photographic cameras	18	—	—	—	—	—	18	—
14	49	Rolling bearings	220	—	—	—	—	—	220	—
15	50	Welding electrodes	90	—	—	—	—	—	90	—
16	51	Coated abrasives and grinding wheels	83	—	—	—	—	—	83	—
17	52	Bolts and nuts and screws	250	—	—	—	—	—	250	—
18	53	Slide/zip fasteners	20	—	—	—	—	—	20	—
19	54	Pressure cookers	60	—	—	—	—	—	60	—
20	55	Vacuum flasks	44	—	—	—	—	—	44	—
21	56	Playing cards	45	—	—	—	—	—	45	—
22	57	Camphor	21	—	—	—	—	—	21	—
23	58	Menthol	15	—	—	—	—	—	15	—
24	59	Electric insulation tapes	10	—	—	—	—	—	10	—
25	60	Adhesive tapes, N. O. S.	15	—	—	—	—	—	15	—
Total: I and II			12,870	169	489	32	2,530	—	15,835	147
			= 12701		= 457		= 2530		= 15888	

Accrual for the remaining part of 1971-72

Rs. 13,194 lakhs

and industrial fans, other than those of a diameter not exceeding 16 inches, have been revised.

The concession of Rs 500 per tonne on copper used in the manufacture of wires and cables has been withdrawn.

Additional revenue Rs 6 crores

Agricultural tractors have been taxed with an *ad valorem* duty of 10 per cent.

Additional revenue during 1971-72 Rs 340 crores

Certain new items have been brought into the orbit of Central excise taxation. Among them are perfumed hair oil, shampoos, lipsticks, pressure cookers, playing cards, zip fasteners, photographic cameras, cinematographic projectors and linoleum and readymade garments manufactured with the use of power and sold under registered trade marks or brand names.

The rate of duty on the following items will be 10 per cent: Ball and roller bearings, bolts, nuts and screws, electric insulation and non-medical adhesive tapes, welding electrodes, grinding wheels and motor starters, electric supply meters.

typewriter ribbons, mosaic tiles, fork-lift, platform-trucks, certain motor vehicle parts and accessories, four more chemicals, camphor and menthol.

Additional revenue from these new excise levies Rs 15 crores

A duty of 10 paise per kg has been imposed on *maida* processed by roller flour mills in the organised sector. This additional revenue of Rs 74 crores is to be spent on the welfare of children. In addition the States will receive Rs 18 crores from this measure.

Excise concessions in respect of the following items have been proposed: Soap (manufactured by using certain minimum quantity of minor oils such as neem and sal), sodium silicate, cottonseed oil (by way of increase in excise rebate) and rice-bran oil.

The rate of compounded levy on units with not more than four powerlooms installed has been reduced from Rs 50 to Rs 10 per loom per annum.

In the case of units employing more than four powerlooms, the levy will be half of the existing rates.

Marginal concessions have also been offered to the manufacturers of embroidery and leather cloth.

Loss of revenue to the exchequer during 1971-72 on account of these reliefs and concessions: Rs 150 crores.

Additional yield from all the changes in excise duties during 1971-72: Rs 132 crores.

FOREIGN TRAVEL

On all tickets purchased in rupees the levy will be at the rate of 20 per cent *ad valorem*. Tickets paid for in foreign currency will be exempt. Scientists and students have been exempted from this measure.

Additional revenue: Rs 70 crores

Total additional revenue during 1971-72 from all the new proposals of direct and indirect taxes: Rs 220 crores.

POST AND TELEGRAPHS

The proposed increases relate to registration fees for postal articles and telegraph and telephone tariffs.

Additional revenue in a year: Rs 1084 crores.

Table 4: Changes in excise duties

Serial No.	Tariff Item No.	Commodity	Unit	Rate of duty (Basic)		Estimated addl revenue in one full year
				Existing	Proposed	
1	2	3	4	5	6	7
CHANGES PROPOSED BY BILL						
						(Rs lakhs)
1	1E	Glucose and dextrose		The tariff description is proposed to be amended to include 'preparations' also.		12
2	1F	Maida (produced in roller flour mills)	Kilogram		10 paise	1,092
				This new levy has been proposed as a revenue measure. The Central share of the revenue realisation will be utilised to meet the cost of the programme for children's health and nutrition.		
3	6	Motor spirit	Kilolitre	Rs 720 00	Rs 920 00	4,825
		<i>Effective rates of duty</i>				
		(a) Motor spirit	Kilolitre	Rs 720 00	Rs 920 00	4,320
		(b) Certain special boiling point spirits	Kilolitre	Rs 45 00	Rs 845 00	505
						4,825
				While the increase in duty on motor spirit is a revenue measure, the increase in duty on certain special boiling point spirits is to ensure parity in the selling price of such spirits with that of motor spirit so that the incentive for using such S.B.P. spirits for adulteration of motor spirit to avoid the higher duty incidence is taken away.		
4	11A	Petroleum products not otherwise specified				110
		(i) Mineral turpentine oil		20% <i>ad valorem</i>	20% <i>ad valorem</i> plus Rs 100 00 per metric tonne	
		(ii) Liquefied petroleum gas (L.P.G.)		20% <i>ad valorem</i>	Rs 250 00 per metric tonne	
		(iii) Others		20% <i>ad valorem</i>	20% <i>ad valorem</i>	
				The increase in (i) is to take away the incentive for adulteration of kerosene with mineral turpentine oil. The increase in (ii) is a revenue measure. There is no change in the rate of duty against (iii).		
5	11B	Compounded lubricating oils and greases		—	20% <i>ad valorem</i>	900
6	11C	Calcined petroleum coke		—	20% <i>ad valorem</i>	40
				These new levies have been proposed as a revenue measure.		
7	14A	Chemicals, namely —				65
		(1) As existing				
		(2) Bicarbonate of soda		—	10% <i>ad valorem</i>	
		(3) Dichromate of potassium or sodium		—	10% <i>ad valorem</i>	
		(4) Hydrogen peroxide		—	10% <i>ad valorem</i>	
		(5) Potassium permanganate		—	10% <i>ad valorem</i>	
				The new items at S. No. 4 to 7 above are proposed to be levied to excise duty as a revenue measure.		
8	14F	Cosmetics and toilet preparations (Tariff description amended to include lipsticks, perfumed hair oils and shampoos).		25% <i>ad valorem</i>	25% <i>ad valorem</i>	102
		<i>Effective rate of duty</i>				
		(i) Preparations for the care of the skin, etc., including lipsticks.		25% <i>ad valorem</i>	25% <i>ad valorem</i>	

1	2	3	4	5	6	7
						(Rs lakhs)
		(ii) Preparations for the care of the hair :				
		(a) Hair lotions, creams and pomades	25% <i>ad valorem</i>	No change		
		(b) Perfumed hair oils	—	10% <i>ad valorem</i>		
		(c) Shampoos	—	20% <i>ad valorem</i>		
			<i>Note</i> - The existing special excise duty of 20% of the basic duty continues. It is a revenue measure. Relief in duty has been provided for smaller manufacturers of lipsticks, perfumed hair oils and shampoos.			
9	15 I	Soap (produced with the aid of powder)				162
		(1) Household and laundry soap	6 5% <i>ad valorem</i>	No change		
		(2) Other sorts	9 5% <i>ad valorem</i>	12 5% <i>ad valorem</i>		
			<i>Notes</i> - The existing special excise duty of 20% of basic duty continues. It is a revenue measure. The increase in duty will not affect household and laundry soap. 2. It is also proposed to grant relief (by notification) in duty on soap using specified percentage of Neem, Karanj, Kusum and Sal oils in manufacture, with a view to encourage the use of such minor oils in soap manufacture and to reduce the pressure on usage of imported tallow and oils.			
10	15A	Plastics, all sorts				60
			(a) Tariff description amended to increase the basic rate of duty to 30% <i>ad valorem</i> on (i) polyurethane foam and (ii) articles made of polyurethane foam (b) Basic duty on rigid plastic (excluding P.V.C.) boards, sheeting, sheets and films raised from 20% to 25% <i>ad valorem</i> (by notification) (c) Flexible P.V.C. sheets used in the further manufacture of leather cloth exempted (by notification) <i>Note</i> - Existing special excise duty of 20% basic duty continues. Proposals at (a) and (b) above are revenue measures. (c) is a measure of relief.			
11	16A	Rubber products				240
		(1) Latex foam sponge	20% <i>ad valorem</i>	40% <i>ad valorem</i>		
		(2) Unhardened plates, sheets etc., of rubber	20% <i>ad valorem</i>	25% <i>ad valorem</i>		
			<i>Note</i> - The existing special excise duty of 20% of the basic duty continues. It is a revenue measure.			
12	22C	Linoleum	—	20% <i>ad valorem</i>		34
13	22D	Ready made garments produced with the aid of power	—	10% <i>ad valorem</i>		250
14	22E	Typewriter and similar ribbons	—	10% <i>ad valorem</i>		10
			These new levies are proposed as a revenue measure. The levy on ready made garments will (by notification) be confined only to those which are sold under a brand name or a registered trade mark. Further relief has been provided (by notification) for smaller manufacturers of such ready made garments. Only specified garments liable to duty.			
15	23A	Glass and glassware				250
		(1) Sheet glass and plate glass	10% <i>ad valorem</i>	15% <i>ad valorem</i>		
		(2) Other glassware including tableware	15% <i>ad valorem</i>	20% <i>ad valorem</i>		
			<i>Note</i> - The existing special excise duty of 20% of the basic duty on sheet and plate glass continues. It is a revenue measure.			
16	23B	China ware and porcelain ware, all sorts				125
		(1) Tableware	15% <i>ad valorem</i>	20% <i>ad valorem</i>		
		(2) Not otherwise specified	10% <i>ad valorem</i>	20% <i>ad valorem</i>		
			<i>Note</i> - These items continue to be exempted from special excise duty. It is a revenue measure.			
17	23D	Mosaic tiles (produced with the aid of power)	—	10% <i>ad valorem</i>		65
			This new levy has been proposed as a revenue measure. Relief has been provided (by notification) for smaller manufacturers.			
18	27	Aluminium				
			A fresh sub item is proposed to be inserted for containers made of aluminium for clarification and for removal of doubts. It has no revenue significance.			
19	30B	Motor starters	—	10% <i>ad valorem</i>		75
			This new levy has been proposed as a revenue measure. Relief has been provided (by notification) for smaller manufacturers of these articles.			
20	32	Electric lighting bulbs and Fluorescent lighting tubes				120
		(1) Vacuum and gas filled bulbs	11% <i>ad valorem</i>	20% <i>ad valorem</i>		
		(2) Fluorescent tubes	22% <i>ad valorem</i>	30% <i>ad valorem</i>		
		(3) Sodium and mercury vapour discharge lamps	6% <i>ad valorem</i>	10% <i>ad valorem</i>		
		(4) All sorts not otherwise specified	16% <i>ad valorem</i>	25% <i>ad valorem</i>		
			It is a revenue measure. 2. All types of bulbs and fluorescent tubes except bulbs of the type commercially known as "miniature lamps" are proposed to be exempted from special excise duty. 3. Vacuum and gas filled bulbs not exceeding 60 watts will continue to pay the same duty as at present (i.e. 11% <i>ad valorem</i>). 4. Miniature lamps will continue to pay duty at present concessional rates.			
21	33	Electric fans (Tariff description amended to include industrial fans also)				81
		(1) Table, cabin etc., fans not exceeding 40 centimetres	—	No change		
		(2) Industrial fans	—	10% <i>ad valorem</i>		
		(3) Not otherwise specified	8 5% <i>ad valorem</i>	10% <i>ad valorem</i>		
			<i>Note</i> - The existing special excise duty of 20% of basic duty continues. It is a revenue measure.			

1	2	3	4	5	6	7
						(Rs lakhs)
22	33F	Electricity supply meters	—	10% <i>ad valorem</i>		120
23	34A	Motor vehicle parts and accessories	—	10% <i>ad valorem</i>		160
24	34B	Forklift trucks and platform trucks	—	10% <i>ad valorem</i>		40
25	37B	Cinematograph projectors	—	20% <i>ad valorem</i>		24
26	37C	Photographic cameras	—	20% <i>ad valorem</i>		18
These new levies have been proposed as a revenue measure. The levy on motor vehicle parts will for the present be confined (by notification) to certain specified items; those when intended for use as original equipment will not have to bear this duty						
27	41	Crown corks	Per piece	One paise	Two paise	160
28	42	Pilfer proof caps	Per piece	One paise	Two paise	65
29	44	Sparking plugs		It is a revenue measure		(—)15
This item is being deleted from this entry as it would henceforth fall under the new Tariff Item No. 34A and will continue to pay the same duty under the new item read with the relevant notification						
30	46	Metal containers		The change in the tariff description is for the purpose of clarifying its scope and is in line with the change made in Tariff Item 27		—
31	49	Rolling bearings		10% <i>ad valorem</i>		220
32	50	Welding electrodes		10% <i>ad valorem</i>		90
33	51	Coated abrasives and grinding wheels (produced with the aid of power)		10% <i>ad valorem</i>		83
34	52	Bolts and nuts and screws (produced with the aid of power)		10% <i>ad valorem</i>		250
35	53	Zip or Slide Fasteners				20
		(1) Complete		20% <i>ad valorem</i>		
		(2) Parts thereof		25% <i>ad valorem</i>		
36	54	Pressure cookers		20% <i>ad valorem</i>		60
37	55	Vacuum flasks, etc.				44
		(1) Complete		15% <i>ad valorem</i>		
		(2) Parts thereof		20% <i>ad valorem</i>		
38	56	Playing cards		20% <i>ad valorem</i>		45
39	57	Camphor		10% <i>ad valorem</i>		21
40	58	Menthol		10% <i>ad valorem</i>		15
41	59	Electric insulation tapes (produced with the aid of power)		10% <i>ad valorem</i>		10
42	60	Adhesive tapes, not otherwise specified (produced with the aid of power)		10% <i>ad valorem</i>		15
These new levies have been proposed as a revenue measure. Relief has been provided (by notification) for smaller manufacturers of rolling bearings, welding electrodes, bolts and nuts and screws, zip or slide fasteners and playing cards						

ADDITIONAL EXCISE DUTY IN LIEU OF SALES TAX

1	4 II(2)		25% <i>ad valorem</i>	75% <i>ad valorem</i>	3,048
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Effective rates of duty
Value per 1,000

	Exceeds	Does not exceed	Basic	Special	Additional	Basic	Special	Additional
	Rs.	Rs.						
(i)	40	—	125%	25%	24%	140%	28%	70%
(ii)	30	40				135%	27%	60%
(iii)	25	30						
	20	25	80%	16%	15%	95%	19%	30%
(iv)	10	20				90%	18%	25%
(v)	—	10*				60%	12%	10%

*(Note :—The existing limit of Rs 9.50 is being raised to Rs 10.00.)

The proposal is to re-group cigarettes for the purpose of assessment to duty into five groups as against the present three groups

It is a measure to raise additional revenue partly for the States in pursuance of the decision at the National Development Council and partly for the Centre

2	19 I(2)							580
		Cotton fabrics						
		Others—						
		(a) Superfine	Sq. metre		Paise	Paise		
		(b) Fine			15.5	25.0		
		(c) Medium-A			9.6	15.0		
		(d) Medium-B			4.8	6.0		
		(e) Coarse			4.8	6.0		
		(f) Cotton fabrics, not otherwise specified			3.6	4.0		
		(1) Cotton fabrics			15.5	25.0		
		(a) Superfine	Sq. metre		15.5	25.0		
		(b) Fine			9.6	15.0		
		(c) Medium-A			4.8	6.0		
		(d) Medium-B			4.8	6.0		
		(e) Coarse			3.6	4.0		
		(f) Cotton fabrics, not otherwise specified..			15.5	25.0		

1	2	3	4	5	6	7
	(2) Malimo type and non-woven bonded fabrics			7.2	8.0	(Rs lakhs)
	(3) Fents					
	(i) Superfine	Kilogram		22.0	40.0	
	(ii) Fine			22.0	30.0	
	(iii) Medium-A			4.4	5.0	
	(iv) Medium-B			4.4	5.0	
	(v) Coarse			4.4	5.0	
	(vi) Malimo type and non-woven bonded fabrics			4.4	5.0	

It is a measure to raise additional revenue for the States in pursuance of the decision at the National Development Council.

(Notes :—For changes by Notification, Sl. No. 9, Part D may be seen.)

ADDITIONAL DUTIES OF EXCISE AND CUSTOMS ON MINERAL PRODUCTS

8	Refined diesel oils and vaporizing oils .. .	Kilolitre	Rs. 400.00 (ceiling rate)	Rs. 300.00 (ceiling rate)	—
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Note :—No change in the present effective rates of additional excise duty.

It is proposed to increase the ceiling rate to provide an adequate cushion for mopping up any price reductions and cost and freight accumulations as and when they occur. It has no immediate revenue significance as there is no change in the present effective rate of additional excise duty which is fixed by notification.

CHANGES PROPOSED BY NOTIFICATIONS

1	1B	Prepared or Preserved Foods	..	..	10% <i>ad valorem</i>	10% <i>ad valorem</i>	12	
					The notification specifying the excisable items has been amplified to include bottled or canned and dehydrated (packed in cans or foil packets) vegetables.			
2	13	Vegetable product	..	..	..	..	(-)33	
					It is proposed to increase the present quantum of relief in duty for vegetable product using a minimum specified percentage of cotton seed oil in its manufacture. The same concession is being extended to vegetable product when rice-bran oil is used in its manufacture.			
					This proposal is intended to encourage the use of these oils in the manufacture of vegetable product in substitution of other edible oils.			
3	14BB	Sodium silicate	..	..	..	..	(-)84	
					25% <i>ad valorem</i>	15% <i>ad valorem</i>		
					It is a measure of relief to the sodium silicate industry.			
4	14H	Gases	..	..	..	..	190	
					It is proposed to withdraw the exemption from duty hitherto granted to oxygen, chlorine, ammonia and refrigerant gases.			
					Ammonia gas used in fertilisers and oxygen for medicinal use are however proposed to be exempted.			
					Certain other uses of oxygen, chlorine and ammonia will also get the benefit of exemptions.			
5	15AA	Surface active agents	..	..	..	10% <i>ad valorem</i>	10% <i>ad valorem</i>	130
		<i>Effective rates of duty</i>						
		Surface active agents	..	..	..	25 paise per kilogram	10% <i>ad valorem</i>	
					It is a revenue measure.			
6	18	Rayon and synthetic fibre and yarn and	..				} 62	
	18A	Cotton yarn	..	..	..	..		
					It is proposed to withdraw the present concession in duty to staple fibre of cellulose origin of 1.5 denier and above used in spinning of yarn in admixture with cotton.			
7	18B	Woolen yarn, all sorts, including knitting wool	..	..	..	..	120	
		(1) Worsted yarn						
		(a) of 48s and more	..	..	..	20% <i>ad valorem</i>	20% <i>ad valorem</i>	
		(b) of less than 48s	..	..	..	15% <i>ad valorem</i>	15% <i>ad valorem</i>	
		(2) Others	..	..	..	7½% <i>ad valorem</i>	7½% <i>ad valorem</i>	

1	2	3	4	5	6	7
Effective rates of duty						(Rs lakhs)
			Rs. per Kilogram	Tariff Value (Rs. per kilogram)	Rate (ad valorem)	
		Woolen yarn				
		(1) Worsted yarn				
		(a) hand knitting				
		(i) Grey	0 80	27 50	3.5%	
		(ii) Processed and/or dyed	2 40	55 00	9.5%	
		(b) Hair beltting yarn	0 80	27 50	2 0%	
		(c) Others				
		(i) of 48s and above	7 50	56 50	14 5%	
		(ii) of above 24s but below 48s	3 15	46 50	8.5%	
		(iii) of 24s and below	0 80	27 50	3.5%	
		(2) Shoddy yarn	0 40	7 50	5.5%	
		(3) Yarn made from tannery wool or stripped wool	0 40	7 50	5.5%	
		(4) All others	0 60	13 50	7 5%	
		It is a revenue measure.				
		Special excise duty at 33% of basic duty will continue to be chargeable.				
8	19	Cotton fabrics produced by powerlooms compounded rates of duty (by notification)				(-)47
		Where powerlooms installed		If the duty is paid	If the duty is paid	
		more than	not more than	Per Qr	Per year	
				(In rupees per powerloom installed)		
		4	4	13	50	2 50 10
		24	24	40	150	20 75
			40	80	300	40 150
		Relief is being given in the compounded levy specially to the smaller units which have not more than four looms installed.				
9	19	Cotton fabrics				30
		Processing done without power or steam (by notification)				
10		Embroidery, in the piece, in strips, or in motifs etc				
	(a) 19 11	Cotton				(-) 5
	(b) 20 (2)	Silk				--
	(c) 21 (2)	Woollen				--
	(d) 22 (2)	Rayon or artificial silk				(-)15
		(i) Effective rate reduced to 5% ad valorem.				
		(ii) Tariff values wherever applicable have been withdrawn.				
		(iii) Compounded rates of duty based on metro-basis wherever applicable have been reduced.				
11	23	Cement				48
		Cement				
		10 8% ad valorem 20% ad valorem				
		The rate has been suitably rounded off.				
		Special excise duty at 20% of basic duty will continue to be chargeable.				
12	29A	Evaporative type coolers				20
		Evaporative type coolers				
		Nil 25% ad valorem				
		It is proposed to withdraw the exemption in respect of evaporative type coolers and subject them to 25% ad valorem. They will, however, be exempted from special excise duty.				
13	32B	Electric wires and cables				150
		It is proposed to withdraw the existing concession in duty on copper contents of certain types of electric wires and cables to induce economy in the use of copper.				
14	34(3a)	Tractors, including agricultural tractors				400
		Tractors including agricultural tractors				
		(i) of Draw Bar Horse Power 50 and below				10% ad valorem
		(ii) of Draw Bar Horse Power exceeding 50				
		(a) for agricultural purposes				10% ad valorem
		(b) Others				10% ad valorem
		Note - While tractors covered under (i) and (ii)(a) above will continue to be exempted from special excise duty, those covered under ii(b) will continue to pay special excise duty as at present.				
		It is a revenue measure.				
15	43	Wool tops	Kilogram			110
		Wool tops	Kilogram			
		Rs. 2.45 Rs. 3.55				
		A quantum of the duty incidence which would otherwise have been borne by woollen yarn has been transferred to wool tops.				

Table 5: Proposed revision of postal, telegraph and telephone tariffs

Section I Postal (Inland)					
Item		Existing Tariff		Proposed Tariff	
1. Parcels		Per 400 grams	90 P	Per 400 grams	Rs. 1.00
2. Registration Fee*			95 P		Rs. 1.00
* The proposed tariff will apply to registered articles in the foreign post also.					
Section II -- Estimated additional revenue in a year . . . Rs. 1.76 crores					
Section II -- Telegraphs					
Item		Existing Tariff		Proposed Tariff	
		Ordinary Express		Ordinary Express	
		Rs. Rs.		Rs. Rs.	
1. Non-Press Inland Telegrams		First 8 words	1.20 2.40	First 8 words	1.20 2.40
		Each additional word	0.10 0.20	Each additional word	0.15 0.30
2. Special Delivery Instructions					
(a) Charge for registration of Special Delivery Instructions		Rs. 5.00 per annum		Rs. 25.00 per annum	
(b) Change in Special Delivery Instructions during the year		Rs. 1.00 for each change		Rs. 10.00 for each change	
3. Teleprinter (T/P) Machine and Telex service within the local area					
(i) Rental for Teleprinter (T/P) Machine		Rs. 1,800.00 per annum		Rs. 2,000.00 per annum	
(ii) Rental for a Telex subscriber's line inclusive of rent for the terminal Teleprinter Machine		Rs. 1,800.00 per annum		Rs. 2,000.00 per annum	
(iii) Rental for a Telex subscriber's line when the Teleprinter machine is provided by the subscriber himself		Rs. 280.00 per annum		Rs. 450.00 per annum	
Section II -- Estimated additional revenue in a year . . . Rs. 3.11 crores					
Section III -- Telephones					
Item		Existing Tariff		Proposed Tariff	
1. Rental for Direct Exchange Lines within the local area					
(A) Measured Rate Systems					
(i) Calcutta, Bombay, Madras and Delhi		Rs. 90.00 per quarter		(i) Exchange Systems of 10,000 lines capacity and above	Rs. 100.00 per quarter
(ii) All other measured Rate Exchanges		Rs. 75.00 per quarter		(ii) Exchange systems of less than 10,000 lines capacity	Rs. 80.00 per quarter
(B) Flat Rate Systems					
Exchanges of 100 lines and above capacity providing 24 hours service		Rs. 340.00 per annum or Rs. 30.00 per month		Rs. 400.00 per annum or Rs. 35.00 per month	
2. Casual Telephone connections					
(i) Measured Rate Systems					
		Period	Rental	Period	Rental
		1 to 10 days	Rs. 30.00	1 to 10 days	Rs. 60.00
		11 to 30 days	Rs. 60.00	11 to 30 days	Rs. 120.00
		31 to 60 days	Rs. 120.00	31 to 60 days	Rs. 180.00
(ii) Flat Rate Systems		Rs. 3.00 per day subject to a minimum of Rs. 30.00		Rs. 10.00 per day subject to a minimum of Rs. 50.00	
3. Measured Rate Systems					
Call Charges		First 150 calls per quarter	No charges (covered by quarterly rent)	First 250 calls per quarter	No charges (covered by quarterly rent)
		Next 600 calls per quarter	15 P per call	Thereafter	20 P per call
		For each call in excess of 750 calls per quarter	20 P per call		
		Bombay, Delhi, Calcutta and Madras	All other Exchanges		
4. OYT Scheme					
(a) Initial Payments		Rs. 3,000	Rs. 2,500	Rs. 3,000	Rs. 2,500
(b) Initial period during which a reduction in rental is admissible		20 years	20 years	20 years	20 years
(c) Rebate in rental					
(i) on rentals paid annually		Rs. 144	Rs. 120	Rs. 144	Rs. 120
(ii) on rentals paid quarterly		Rs. 36	Rs. 30	Rs. 36	Rs. 30
(iii) on rentals paid monthly		—	Rs. 10	—	Rs. 10
5. Concessional Tariffs for Trunk Calls					
Tariff for Trunk Calls on Telegraph Holidays		Ordinary and SVH 50 per cent of normal full rate	Urgent 75 per cent of normal full rate	No concession except on three National Holidays and usual concession on Sundays and between 7.00 p.m. to 8.00 a.m.	
6. (a) Private Manual Exchanges and Private Manual Branch Exchanges					
Size of Board		Annual Rental		Annual Rental	
1 + 3		Rs. 200.00		Rs. 250.00	
2 + 6		Rs. 350.00		Rs. 450.00	
3 + 9		Rs. 500.00		Rs. 625.00	
5 + 20		Rs. 40.00 per equipped termination on the switch board		Rs. 50.00 per equipped termination on the switch board	
10 + 50		- do -		- do -	
20 + 100		- do -		- do -	
(Private Manual Exchange only)					
(b) (i) Private Automatic Branch exchanges upto 100 lines (non-extendable) except 5 lines and 9 lines PAIX's*		Rs. 60.00 per equipped termination on the switch board		Rs. 75.00 per equipped termination on the switch board	
(ii) 5 line Private Automatic Branch exchange (inclusive of the rental for all the 5 internal connections)		Rs. 600.00		Rs. 750.00	
(iii) 9 line Private Automatic Branch exchange (inclusive of the rental for all the 9 internal connections)		Rs. 1,200.00		Rs. 1,500.00	
7. Additional entries in Telephone Directories		Rs. 4.00 per additional entry		Rs. 10.00 per additional entry	

* For all private automatic exchanges, and extendable Private Automatic Branch Exchanges, rentals will be charged as proposed in 6(b)(ii) for private automatic branch exchanges (non-extendable) or on capital cost basis, whichever is higher.

Section III -- Estimated Additional revenue in a year . . . Rs. 5.97 crores

SUMMARY OF ESTIMATED ADDITIONAL REVENUE IN A YEAR

Section I -- Postal Tariffs . . . Rs. 1.76 crores

Section II -- Telegraph Tariffs . . . Rs. 3.11 crores

Section III -- Telephone Tariffs . . . Rs. 5.97 crores

Total . . . Rs. 10.84 crores

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The Finance Minister's Budget speech

The Finance Minister, Mr Y. B. Chavan, presented to Parliament on May 28, 1971, the Union Budget for 1971-72. The full text of Part A and Part B of the Budget speech follows:

PART A

ON March 24 this year, I had presented to the Honourable House an interim Budget for 1971-72. I had then assured Honourable Members that the Budget proper to be presented in the current session will provide for a significant increase in the outlays on development and social welfare over and beyond what the interim Budget had indicated. It is in fulfilment of this commitment that I rise before you today.

Economic conditions

Earlier this week, the Government has laid on the floor of the Honourable House the Economic Survey for 1970-71. The Survey shows that the economy presents in general a promising picture indeed and that it is now better poised to tackle the tasks ahead than at any other time in recent years. We have once more been able to fulfil during 1970-71, the target set in the Fourth Plan with respect to the overall rate of economic growth. In agriculture, progress has been maintained; food-grains production has continued to expand at a most satisfactory rate. In the industrial sector, lack of certain essential raw materials has hampered production in some areas and there is still under-utilisation of capacity in a few other areas. But new grounds have been broken in our import substitution efforts, and recovery from the years of recession in the middle 1960's is considerable. Besides, the growth in the small-scale sector is most encouraging. Enough symptoms abound which indicate that once a significant improvement occurs in the scale of public investments, industry as a whole will surge forward. After a few initial set-backs, there has been a remarkable spurt in exports towards the later months of the year. Better organisation is, however, still the major outstanding task for both industry and exports. Apart from raw material shortages and procedural delays, we have also to face problems of low scales of operations and high unit cost in some industries. Cost reduction and improvement in efficiency are thus vital for imparting a new dynamism to industrial growth and exports.

In agriculture too, there is yet no occasion to relent on our efforts. We must continue the search for high-yielding varieties of paddy which will prove durable in our varying agro-climatic conditions. Irrigation facilities will have to be expanded to ensure the extensive propagation of double cropping. Our search for better pest-resistant qualities of seeds for millets must go on. The greatest area of responsibility will lie in improving the productivity per hec-

tare of pulses and the cash crops, including cotton, oilseeds and jute. During 1970-71, there was a marked stability—occasionally even a certain fall—in foodgrains prices. In fact, but for the Government's price support operations intended to protect the farmers, there would have been a steeper order of decline in these prices. Despite this, there was an overall increase in the general price level largely induced by the shortage in the availability of commercial crops. Against this background, we cannot accelerate our rate of growth with price stability unless we raise the output of commercial crops.

On the external side, while we can take credit for repaying our outstanding obligations to the International Monetary Fund, our balance of payments is not as satisfying as it was at the end of 1969-70. Exports have shown a remarkable improvement. At the same time, with the rising tempo of industrial activity, imports have been going up. Outstanding import licences suggest that there will be a further increase in imports during the current year. Because of shortage in steel, cotton, oils and oilseeds, we have had to plan for much larger imports than originally envisaged. Fresh aid allocations have declined during the past year even as the burden of debt servicing has continued to mount. Net aid available to finance imports has, therefore, shrunk. Thus we can scarcely afford to relax in the matter of a prudent management of our balance of payments.

Reorientation of policies

The massive mandate which this Government received from the people three months ago was a mandate for socialism, a mandate for rapid economic growth matched by increased social justice. There can be little doubt that social justice must begin with increasing the opportunities of job and work for every one. A good deal has been done in the course of the past year to initiate measures for creating gainful work for the urban unemployed as well as the rural under-employed. During the past year, the nationalised banks have expanded their scale of operations so as to provide more credit to the hitherto neglected sectors and for purposes of self-employment. They intend to do much more in future. A crash programme for rural employment has been announced and the Government's broad objective is to ensure employment to at least one person in each family in all parts of the country. At the same time, the Government is determined that such schemes for creating employment do not take the form of ad hoc measures but contribute to the accretion of additional physical assets in the countryside in the form of new roads, land reclamation, land development, drainage, etc.

Honourable Members will also remem-

ber that special works programmes were introduced last year to improve job opportunities in the countryside, particularly for the small farmers and in the backward areas. These schemes will continue. In addition, as I shall describe presently, we propose to make a special budgetary provision for assisting the educated unemployed in their search for a constructive opportunity to serve the nation.

The largest stimulus to employment can, however, come only by increasing the tempo of economic activity all round. It is therefore essential that expenditure under the Plan is maintained on projected levels and that no shortfalls occur. I am afraid that our performance in 1970-71 in this respect leaves much to be desired. While I am proposing to increase significantly the Plan outlays over what was allocated last year, the emphasis has to be even more on the timely implementation of Plan projects for which budgetary provision is being made.

Faster growth and greater social justice will be elusive goals unless pursued in a milieu of relative price stability. We can scarcely ignore the adverse effects of unabated price increases on both investment and income distribution. Inflation also dislocates attempts to increase the efficiency of production and to lower unit cost, which in turn affects exports. There is therefore need for continuous vigilance. The drive for a faster rate of growth in this sense, therefore, blends with the parallel goal of achieving price stability. In this task, we must also keep under examination the operation of the monetary forces.

Our procedure for formulating annual Plans is itself in the nature of a reassessment of Plan priorities and objectives. At the present juncture, when we have just received a new mandate, it is also necessary to make a fresh appraisal of the Plan as a whole. The emphasis from now on has to be on measures which will speed up the process of implementation of projects, foster the expansion of employment opportunities and reduce disparities, including regional disparities. Honourable Members are aware of the various steps taken in recent years for encouraging growth, including growth of industry in the backward areas through allocation of Plan assistance and similar fiscal and other means. The same objective has to be kept in mind in the allocation of our foreign exchange resources including those mobilised through external assistance. Schemes intended for backward areas have to be given due consideration at the stage of the formulation of the Plan itself, so that in the general allotment of internal and external resources under the Plan, the different parts of the country, and particularly the retarded regions, get their due share.

Our public sector enterprises have

deepened and widened the industrial base of the economy and achieved certain basic social objectives. Efficient performance on the part of these enterprises is crucial for the Government's overall development effort. The extent of buoyancy that can be added to the economy each year will be largely related to the ability of the public sector to implement the Plan proposals. Administrative and procedural delays which hold back progress of these enterprises are thus matters of considerable concern. Similarly, the public sector has to yield a sizable surplus, since this surplus is a key source of future growth. During the past year, a number of steps have been taken to raise the general efficiency of public enterprises. Increasing attention is being devoted for the proper maintenance of inventories as well as of plant and machinery in each public sector unit, and towards tackling the problem of personnel management and industrial relations. In regard to the latter, we would certainly like to have the advice and counsel of trade unions. They have an equal stake in the efficiency of the public sector. I hope that, with their co-operation, it will be possible to initiate a new chapter of industrial relations in our public enterprises.

A large segment of the commercial banks is also now a part of the public sector. Here too, I would seek the co-operation of the trade union leaders to improve the efficiency of the banking system. A beginning was made recently when I initiated a dialogue with the employees and the management of the banks; our discussions covered such areas as credit planning and deposit mobilisation. I propose to continue this practice. The new boards of directors, the composition of which will be announced soon and which will include representatives of the Award staff and officers, will, I hope, carry forward the task of improving the procedures and policies of the banks along intended lines.

Each of the nationalised banks has been urged to have an annual credit plan which could ensure that the credit apportioned to the different sectors, and particularly the sectors neglected hitherto, is in conformity with their needs and at the same time within the norms of monetary

expansion. The committee appointed by the Reserve Bank of India to suggest credit schemes for promoting self-employment has made a number of valuable suggestions which are being given shape to by the commercial banks. Another committee which was asked to recommend a scheme of differential lending rates for helping the smaller borrowers and the weaker sections of the community has just submitted its report. A credit guarantee corporation has been set up with effect from April 1 to underwrite the advances offered by banks to small borrowers. Honourable Members are also aware that the Government has recently framed the guidelines for the conversion into equity of loans offered by public financial institutions. These guidelines should go a long way to promote the establishment of a joint sector to which we attach considerable significance.

Honourable Members, I am sure, are happy with our decision to take over the business of general insurance in the country. This decision marks a culmination of the process which was started when we nationalised the Imperial Bank of India and the life insurance business and to which we gave a major thrust less than two years ago through nationalisation of major commercial banks. With these measures, virtually all the savings of the people mobilised by financial institutions can now be deployed in accordance with national priorities.

Revised Estimates 1971-72

In the Interim Budget, I had indicated that the year 1970-71 will close with an overall deficit of Rs 230 crores. The Budget documents I am presenting today repeat from the interim Budget the Revised Estimates for 1970-71, since actuals are not yet available in most cases. According to the latest indications, however, the overall deficit for 1970-71, I am afraid, may be of the order of Rs 270 crores.

While presenting the interim Budget I had occasion to express concern over the fact that a number of States were over-drawing their accounts with the Reserve Bank of India. I regret to say that despite the increased special assistance of Rs 195 crores to the States during 1970-71, there

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has been no abatement in the States' recourse to overdrafts from the Reserve Bank as will be evident from the fact that, at the end of last March, as many as 14 States had overdrafts aggregating to Rs 260 crores. The special assistance to the States, which was designed to help them to fulfil their targets of Plan outlays, is to taper off in the coming years. In this context, the problem of overdrafts assumes an additional gravity. I would appeal to the States to maximise their efforts for raising additional resources and to enforce the strictest discipline on the growth of non-Plan expenditure.

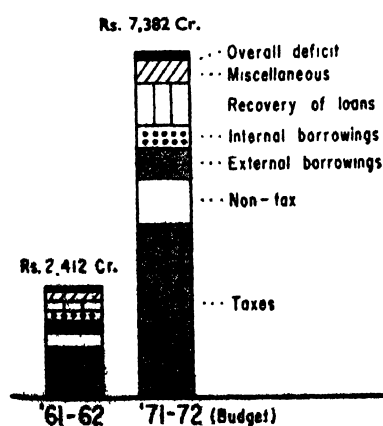
Budget Estimates 1971-72

Honourable Members will recall that in the interim Budget I had provided a sum of Rs 1,195 crores for the Central Plan for 1971-72, that is, at the same level as in the Budget for 1970-71. I had then stated that the provision for the Central Plan for the current year was to be augmented following a review of requirements and resources. I propose to raise the outlay under the Central Plan by Rs 155 crores, that is, to Rs 1,350 crores. This represents an increase of more than Rs 300 crores over the likely actual level of expenditure in 1970-71. The more important areas where the budgetary provisions have been significantly raised over what was provided in the interim Budget include shipping (Rs 16 crores), ports (Rs 13 crores), roads (Rs 10 crores), mines and metals (Rs 9 crores), health and family planning (Rs 12 crores), posts and telegraphs (Rs 11 crores), agriculture (Rs 32 crores) and food procurement (Rs 18 crores). I had already provided in full in the interim Budget the sum of Rs 785 crores towards Central assistance for the Plans of the States and the Union Territories, as against a provision of Rs 711 crores in the Budget for 1970-71.

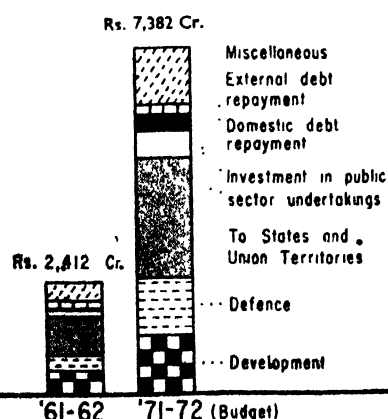
For creating immediate employment opportunities, even a larger Plan outlay may not be enough in the short period. I have therefore decided to add a further thrust to the public sector outlay which could both generate additional employment and provide relief to the weaker sections of the community. For the crash programme for rural employment a provision of Rs 50 crores was already made in the March Budget. But the problem of unemployment is equally acute among our educated young men and women. We are determined not to permit them to be a lost and frustrated generation. We propose to assist them actively so that they might set themselves up in gainful creative endeavours which would at the same time accelerate the pace of economic progress of the country. To this end, in the Budget I am now presenting, we propose to allot a further sum of Rs 25 crores for schemes specially designed to suit the educated unemployed including engineers and technicians. The details of these schemes are being worked out in consultation with the Planning Commission and the Ministries concerned.

Honourable Members will be glad to know that the provision of Rs 4 crores made in the interim Budget for a nutrition programme for children is now being raised to Rs 10 crores, and included in the

FROM WHERE MONEY COMES



WHERE IT GOES



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Plan. I have no illusion that even this larger provision will mean much more than a beginning in the task of protecting and nurturing the health and welfare of the poor children. I do hope that, in this matter, we will be in a position to do substantially more in the coming years. I might also mention here that we propose to reserve 25 per cent of fresh admissions to public schools for meritorious candidates, who will be offered Government scholarships.

The special provisions made last year for improvement of slums are being maintained. The work of the Calcutta Metropolitan Development Authority will be pursued with vigour. I would also like to state here that the Government would consider sympathetically proposals for a similar improvement in living conditions for slum dwellers in other metropolitan cities and towns; if State Governments and municipal bodies could initiate viable schemes for this purpose, we will consider the question of financial accommodation.

Finally, I have to refer to the tragedy that has been enacted over the past two months in East Bengal representing some of the darkest episodes in human history. Already, some three million evacuees have crossed over the borders. It is our hope and endeavour that all these unfortunate people will be able soon to return to their homes and hearths in dignity and honour. Meanwhile, we shall do our utmost to offer succour and relief to all those who have taken temporary shelter with us. It will clearly be beyond our capability to meet on our own the financial burden involved. We regard it as the responsibility of the international community to share with us this burden. In the Budget, I have tentatively made a provision of Rs 60 crores for providing relief to the evacuees from East Bengal. For the present, we have taken credit on the revenue side to the extent of Rs 20 crores which we expect will accrue to the Budget by way of external assistance for the relief of the evacuees. In addition, it is our hope that substantial sup-

plies from abroad will be available for providing relief without being routed through the Budget. Honourable Members will note that the provision we have made will suffice only for a limited period and that a considerably higher order of assistance from the international community will be necessary.

Let me now sum up the overall budgetary picture as it emerges following the increase in the Plan outlay, the provision for employment assistance, and certain inescapable additions to the non-Plan items of expenditure since the presentation of the interim Budget in March. Apart from the provision for evacuee relief, I might mention in particular the addition in the expenditure on account of food subsidy, which is now placed at Rs 30 crores instead of Rs 10 crores as indicated in the interim Budget. On present reckoning, the revenue receipts in 1971-72 are likely to be of the order of Rs 3,562 crores. Expenditure to be met from revenue will amount to Rs 3,587 crores. Thus the revenue surplus, placed in the interim Budget at Rs 114 crores, will now turn into a deficit of Rs 25 crores. On the capital side, collections under the various small savings schemes are now expected to be Rs 180 crores as against Rs 155 crores indicated in the interim Budget; correspondingly, however, loans to the States will also go up by Rs 16 crores, so that the net increase under this head will be only Rs 9 crores. I have also taken credit for an additional accrual of Rs 40 crores under PL 480 receipts representing largely the spill-over from 1970-71. Total capital receipts, inclusive of loans and advances and transactions under various debt deposit heads, are now placed at Rs 2,024 crores and total capital expenditure, including loans and advances, is estimated at Rs 2,396 crores. The capital budget will, therefore, show a deficit of Rs 372 crores as against Rs 354 crores in the interim Budget. The overall budgetary gap, taking revenue and capital accounts together, will now be of the order of Rs 397 crores. This takes into account the effect on the Central Budget of the changes in railway fares and freight rates announced a few days ago and of changes in the post and telegraph tariff to which I will refer a little later.

Honourable Members, I am sure, would

not like me to leave uncovered a deficit of this magnitude in the Budget. I will, therefore, seek their indulgence if I have now to turn to what all of you, I am sure, are waiting for, namely, proposals to bring down the deficit to a more tolerable order.

PART B

The task of raising additional resources through fresh imposts on the people is the least enviable of a Finance Minister's responsibility. If I still have to approach this House with proposals to raise additional resources, it is because of the imperatives of the situation, including the need to augment the Plan outlay, to create additional employment opportunities and to offer succour to the evacuees from East Bengal.

In framing these proposals, I have endeavoured to follow certain broad principles. These are:

(a) The tax structure must be simplified and rationalised in such a way that the burden of assessment for the assessee as well as the tax collector and the opportunities for evasion are minimised;

(b) The overall burden of taxation must be distributed among the different sections of the community in such a manner that, in the process, there is an appreciable scaling down of the concentration of economic power and reduction in the inequalities in income and wealth; and

(c) The incidence of the fresh imposts should not, as far as possible, disturb the general level of prices of essential goods.

Accordingly, the concentration of the additional tax effort, to the extent feasible, should be on direct taxes, particularly on the affluent groups, and on such categories of indirect taxes as affect the luxury and near-luxury commodities. In so far as we succeed in limiting the burden of indirect levies on the latter group of commodities, we are also able to achieve in part the other objective of improving the structure of income distribution in society.

Tax administration

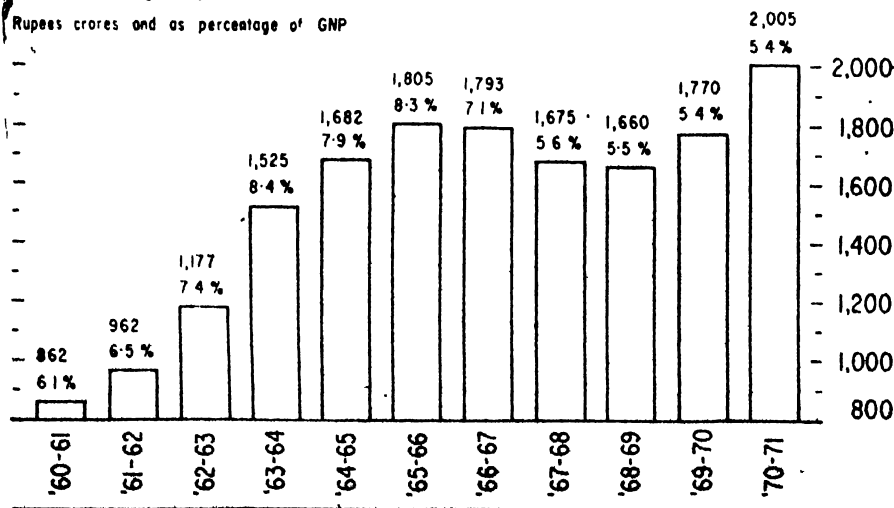
The tightening and streamlining of tax administration has two facets. First, it helps to garner additional yield from the existing tax sources and thus makes it less necessary to look for fresh tax heads every year. Second, since it is generally the well-to-do and the rich who avoid and evade taxes, a tightening of tax administration, including closing of loopholes, would compel them to part with a larger proportion of their incomes and assets and would therefore further one of the overriding objectives of fiscal policy.

Undervaluation of property has been one of the means to evade wealth tax, capital gains tax and stamp duties. It has also been an important avenue for the circulation of black money. This practice could be greatly discouraged if the Government had the power to acquire properties at prices that correspond to what is recorded in sale deeds. Accordingly, we propose to move a Bill during the current session to acquire this power. I hope it would not be

GROSS CAPITAL FORMATION

Out of budgetary resources of Central Government

Rupees crores and as percentage of GNP



considered dishonourable to take a dishonest man at his word

In pursuance of the Administrative Reforms Commission's recommendations it is also proposed to sponsor legislation in the current session to discourage benami holding of property. If, at the time of assessment, a person fails to declare income from a piece of property or the property itself so as to evade payment of income and wealth taxes, the intended legislation will debar him from enforcing his claim to such property in a court of law.

Pursuant to the recommendations of the Administrative Reforms Commission we further propose to transfer the work of recovery of arrears of estate duty from the State Governments to the income tax department at the Centre. Since, in this matter, we can move only with the concurrence of the State Legislatures, a Bill is being drafted for circulation among the States.

It is proposed to strengthen the valuation cell located in the Central Board of Direct Taxes for making valuation of buildings in order to enable it to extend its activities and speed up valuations in cases involving the assessment of wealth tax. For assessment of income tax under the new procedure which has come into effect from the current year, summary assessments will be completed in most cases which do not involve substantial points of dispute, and only a small proportion of the cases will be subjected to a sample scrutiny subsequently. This will enable the income tax officers to devote correspondingly more time for cases involving substantial revenue.

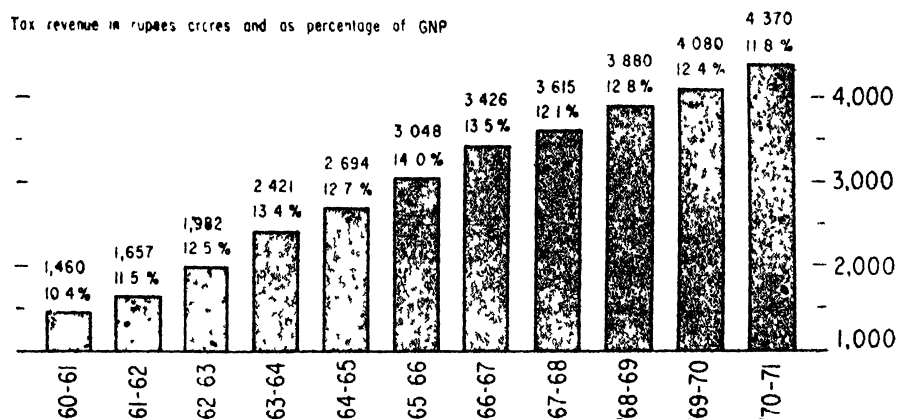
In the field of excise duties I propose to set up a committee to review the Self Removal Procedure scheme, which has been in operation for the last two to three years, with a view to suggesting improvements which could reduce leakage of revenue. A study team which considered the issues relating to over and underinvoicing has made a number of suggestions for checking the leakage of foreign exchange through manipulation of invoice values. The Government will give early consideration to implement its recommendations. With a similar purpose, a comprehensive review is being undertaken of the Foreign Exchange Regulation Act, and we propose to introduce soon a Bill to amend several provisions of this Act.

In the past, at the Centre, we have taken several fiscal steps to discourage the growth and concentration of excessive income and wealth in a few hands in the urban areas. The constitutional prerogative of the Union Government to initiate measures for similar reforms in the countryside is however severely restricted. But this does not mean that some of the present anomalies must continue, or that we can be oblivious of growing inequalities in rural areas. Ultimately, the basis of tax has to be the size of income or wealth irrespective of whether it is derived from agricultural or non-agricultural sources.

Similarly, there are constitutional limitations on the powers of the Centre to tax services even when these are of a luxury or semi-luxury character. As the States

INDIA'S TAX EFFORT

Tax revenue in rupees crores and as percentage of GNP



and the Centre have to share the responsibility of raising resources for economic development it is the duty and obligation of the Centre to point out to the States untapped resources for mobilisation where the Union Government itself is precluded by the constitutional provisions to impose any levy. It is my intention to consult and seek the advice of the State Finance Ministers on the entire range of these issues and to remain in continuous touch with them so that a concerted view is taken.

Direct taxation

I now come to the new proposals in respect of direct taxation. If we are going to make an effective dent on the problem of income inequalities in our society we cannot possibly flinch from deploying increasingly the instrument of direct taxation. The proposals that I am outlining will have only a limited yield of revenue in the current year. Over a number of years however the cumulative effect of these proposals will be to raise revenue of a considerable order, what is much more significant, they will bring about a significant change in the distribution of disposable income and wealth.

(a) *Taxation on income and wealth*
In the field of personal income taxation the rate of surcharge in the case of individuals as well as Hindu undivided families is being increased from 10 per cent to 15 per cent provided the total income exceeds Rs. 15,000 per annum. In a full year, the impact of the proposal will be to provide an additional Rs. 20 crores to the exchequer for 1971-72; the revenue yield is expected to be around Rs. 12 crores.

I also want to take this opportunity to increase the tax on capital gains, which are a species of unearned income. The deduction from long-term capital gains allowed in computing the taxable income of non-corporate assessee is being reduced from 45 per cent to 35 per cent where such gains relate to lands and buildings and from 65 per cent to 50 per cent in respect of other capital gains.

The incidence of tax on long-term capital gains will be increased in the case

of companies as well. This increase is being brought about by raising the rates of tax from 40 per cent to 45 per cent in respect of gains relating to lands and buildings and from 30 per cent to 35 per cent in respect of other gains.

I have some fairly stiff proposals regarding wealth tax. If a significant reduction in the concentration of wealth is to be brought about it is essential that the taxation of wealth is made more rigorous. Honourable Members will recollect that last year's Budget made a beginning in this direction by raising the rates of additional wealth tax on urban property. This year, I propose to raise drastically taxation on slabs of net wealth above Rs. 15 lakhs, where the rate of tax will now be uniformly 8 per cent as against the current rates of 4 per cent on net wealth between Rs. 15 lakhs and Rs. 20 lakhs and 5 per cent on net wealth above Rs. 20 lakhs. I also propose to include in net wealth for purpose of taxation the first Rs. 1 lakh of wealth in the case of all individual assessee and the first Rs. 2 lakhs for Hindu undivided families. Thus while no wealth tax will be leviable unless the net wealth exceeds Rs. 1 lakh in the case of individuals and Rs. 2 lakhs in the case of Hindu undivided families once they are liable to tax it will apply to their entire wealth. However the exemptions in respect of approved financial investments, owner-occupied house and agricultural assets will continue.

To tighten the incidence, the exemption from wealth tax currently available for household or personal jewellery and for shares forming part of initial capital issues is being withdrawn. In the case of conveyances, the exemption will now be limited to Rs. 25,000 in the aggregate. The existing provision in the Wealth Tax Act excluding from aggregation the assets transferred by an individual to the spouse or minor children is being done away with. A similar provision is being made in respect of conversion of assets of individuals into those of Hindu undivided families. While all these changes will not naturally yield any revenue this year, in future the annual additional yield from these measures affecting wealth tax could

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be around Rs 14.5 crores. What is more important, they will impose a virtual ceiling on individual wealth at a much lower level than at present.

As a further measure to discourage evasion of tax, conversion of the separate property of an individual into property belonging to a Hindu undivided family will be brought within the ambit of the gift tax.

(b) *Taxation of companies:* I am proposing several structural changes affecting the incidence of company taxation. While the rates of taxation on the ordinary income of companies are being maintained at existing levels, except for the rates on capital gains, the rate of surtax on company profits will be increased from 25 per cent to 30 per cent in the case of chargeable profits in excess of 15 per cent of the capital.

The practice of offering a development rebate in respect of new investment has had, I feel, a full play. I am accordingly serving the required notice that no development rebate will be allowed on ships acquired or machinery or plant installed after May 31, 1974. Whatever the revenue implications of this step—and they are sizable—will be fully revealed only after 1974-75, that is, from the Fifth Plan onwards. But I shall consider myself amply rewarded if advance notice of this change quickens the pace of investment in the remaining years of the Fourth Plan.

At present, in the case of new industrial undertakings, ships and approved hotels, profits up to 6 per cent of the capital employed are entitled to tax exemption for a period of five years. Since debentures and long-term borrowings do not in any manner represent risk capital and interest thereon is in any case deducted, it was generosity on the part of the Government to extend the tax holiday provision even to such constituents of capital. I

now propose that in calculating the limit of 6 per cent of the capital for purposes of tax-exemption, debentures and long-term borrowings will be excluded. This single measure will provide the exchequer with Rs 10 crores during the current year; the yield for a full year will be of the order of Rs 14 crores.

Priority industries currently enjoy a special tax exemption up to 8 per cent of their profits. I am proposing that the special exemption be reduced to 5 per cent of such profits. In addition, we have also decided to shorten the list of priority industries by excluding aluminium, motor trucks and buses, cement and refractories, soda ash, petrochemicals and automobile ancillaries. The general economic conditions are now such that it is not necessary that these industries should continue to enjoy special benefits which were accruing to them hitherto. The two measures in relation to priority industries should yield Rs 8 crores in future years; in 1971-72, the yield is likely to be about Rs 6 crores.

The deduction of income up to Rs 3,000 in the aggregate from investments in specified financial assets which was provided for last year will from now on be admissible only to individuals and Hindu undivided families.

The concessional tax treatment of dividends received by foreign companies from a closely-held Indian company engaged in a priority industry will be discontinued; the foreign companies will be subjected to tax on such dividends at the usual rate of 24.5 per cent.

I am firmly of the view that the fiscal instrument must be deployed to discourage payment of high salaries and remunerations which go ill with the norms of egalitarian society. I accordingly propose to impose a ceiling on the remuneration of company employees which would be deductible in the computation of taxable profits. The ceiling is being set at Rs 5,000 per month. Together with the existing ceiling of Rs 1,000 per month in the case of perquisites, the allowable overall ceiling on remuneration and perquisites, for pur-

poses of taxation, will be at Rs 6,000 per month. In addition, I am proposing to reduce the tax deductible limits of daily allowance to employees while on tour.

(c) *Miscellaneous concessions:* Having already delivered the rough tidings, let me now detail some of the smoother ones. I propose to raise the standard deduction currently allowed for the computation of taxable income of employees who own a motorcycle, a scooter or a moped from Rs 60 to Rs 75 per month; for others, who do not possess any of these, the standard deduction will be raised from Rs 35 to Rs 50 per month.

The quantum of deduction in respect of long-term savings through life insurance, provident fund contributions, etc. is being substantially modified. At present, 60 per cent of the first Rs 5,000 together with 50 per cent of the balance of such long-term savings are tax exempt. I am now proposing that for the first Rs 1,000 of such savings, the quantum of deduction should be 100 per cent. On the next Rs 4,000 of the qualifying savings, the proposed deduction will be 50 per cent, and on the balance 40 per cent. The limit for the savings qualifying for deduction will be raised from Rs 15,000 to Rs 20,000 in the case of individuals.

As a result of the changes in the standard deductions allowable for conveyance and long-term savings, an employee with an annual income of Rs 6,000 will be exempt from income taxation provided he saves at least Rs 400 in the approved form.

The tax concessions for promoting development and export of technical know-how and technical services, which have been available only to companies, will from now on also apply to individuals. Hindu undivided families and partnership firms. Certain further tax concessions are also at present available for expenditure on research and development. A committee has recently been set up by the Government to review the position and make recommendations regarding further fiscal incentives that could be offered to encourage industrial research. The recommendations of the committee will be given due weight.

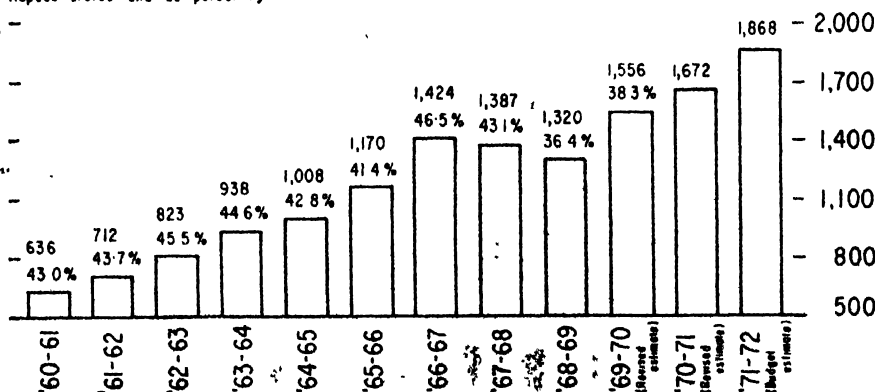
The special deduction of income up to Rs 3,000 from investments in specified financial assets available to individuals and Hindu undivided families would henceforth also cover interest on deposits with a co-operative society made by its members. Moreover, the interest paid by a co-operative society to its members on deposits made by them will be exempted from the requirement of deduction of tax at source. Shares of, and member-deposits with, a co-operative society will be regarded as approved investments which are exempt from wealth tax up to Rs 1.5 lakhs. But I propose to withdraw the exemption in respect of such investment in the case of discretionary trusts which are subject to taxation on their net wealth at the flat rate of 1.5 per cent, or at the rate applicable in the case of an individual, whichever is higher.

There are certain minor concessions which I would now mention together. Co-operative societies of workers or those engaged in fishing and allied activities will be exempted from tax on their entire business income. Local authorities deriv-

TRANSFER OF FUNDS TO STATES

(revenue and capital)

Rupees crores and as percentage to total State expenditure



ing income, from the supply of water or electricity to villages outside their jurisdiction will be exempted from tax on such incomes. A member of a co-operative housing society, to whom a building or a flat has been allotted under a house-building scheme of the society, will be regarded as the owner of that piece of property for purposes of wealth tax.

The Housing and Urban Development Finance Corporation will be exempted from tax on its income for a period of ten years; the tax-exempt status of the Deposit Insurance Corporation will be extended by a further period of five years.

This brings me to the close of the various proposals relating to direct taxation. After taking into account the concessions, the net yield from the new direct tax measures from 1972-73 will be of the order of Rs 57 crores. For 1971-72, however, the realisation is unlikely to exceed Rs 27 crores.

Indirect taxation

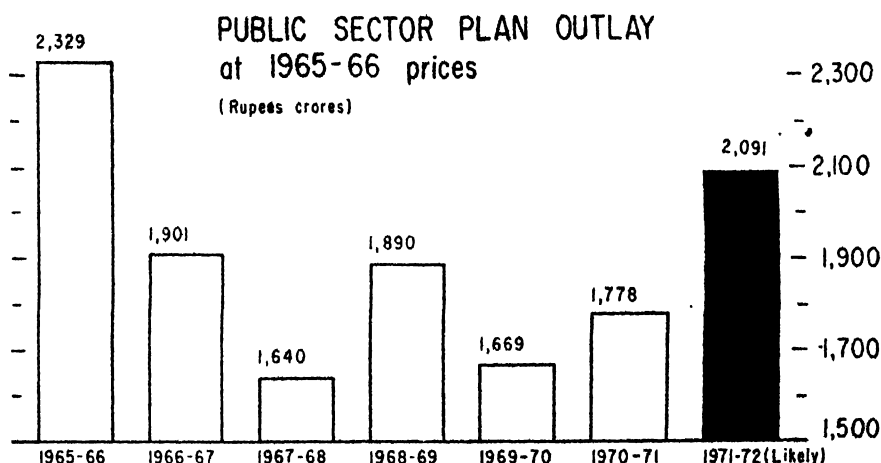
I now turn to indirect taxes. My proposals regarding customs duties belong broadly to two categories. The first set of proposals is aimed at rationalising the rates structure of import duties. The other group of proposals is related to, and consequent on, the arrangements reached with a number of foreign countries who have agreed to release us from the bindings under the General Agreement on Tariffs and Trade in the matter of import levy on certain commodities.

(a) *Import duties:* The existing rates structure of import duties, I confess, forms a complicated pattern. As of now, there are seven *ad valorem* rates of duty in force: 15 per cent, 27½ per cent, 35 per cent, 40 per cent, 50 per cent, 60 per cent and, finally, 100 per cent. In order to introduce an across-the-board simplification and to remove existing anomalies, I propose to have only four effective rates of import duty, namely, 30 per cent, 40 per cent, 60 per cent and 100 per cent.

I propose to bring in all items of machinery within the orbit of 30 per cent import levy. While this would imply a marginal increase of 2½ percentage points in the rate of duty in respect of project imports, the decrease of duty by 5 percentage points in respect of machinery in general would provide relief to smaller industrial units and units manufacturing equipment who import a part of the components and to all those who need to import small items of machinery by way of spares or balancing equipment. The equalisation of rates for all kinds of machinery would also simplify assessment and, I hope, speed up assessment work. Items such as agricultural machinery and implements, dairy and poultry farming appliances would also now attract duty at the rate of 30 per cent instead of 15 per cent.

Certain basic raw materials and non-ferrous metals will from now on be liable to duty at the uniform rate of 40 per cent. Iron and steel and unwrought copper will, however, attract the lower duty of 30 per cent.

It is proposed to eliminate the present rate of duty of 50 per cent and levy instead a higher rate of 60 per cent on most items. A similar upward revision has already



been made in the course of the past two years with respect to the duty on chemicals, drugs, medicines, electrical and non-electrical appliances. What I am proposing now, therefore, is to bring all similar items together under the umbrella of the same rate of duty.

Till now, certain items used by the more affluent sections of the community, such as automobile components and dry fruits, were liable to a duty of 60 per cent instead of 100 per cent which is the standard rate for most imported consumer goods. This anomaly is now being removed. In addition, in view of the increase in the c.i.f. price as well as the high margin of profit, the specific rate applicable to cloves is being increased from Rs 18 per kilogram to Rs 60 per kilogram.

As a result of the release from the Gatt bindings, we are now in a position to either impose a duty, or raise the existing rates of duty, on a number of items, including agricultural tractors, earth-shifting machinery, staple fibre excluding yarn, raw wool, unwrought copper, zinc and pig lead. I propose to avail of the opportunity. In view of the high margin of profit on imported staple fibre, I am proposing that the duty on it be fixed at 100 per cent. On unwrought zinc, pig lead and raw wool, the duty will be 40 per cent, and on copper, 30 per cent. Given the large disparity between the prices of imported and indigenous tractors, I have also decided on a levy of 30 per cent on imported agricultural tractors. The same rate of duty will apply on earth-shifting machinery.

Taking into account the effect of the rationalisation of import duties as well as the adjustments following from the release from the Gatt bindings and the counter-vailing levies related to changes in excise duties to which I would soon turn, we should be able to get additional revenue to the extent of nearly Rs 54 crores during the remaining part of the year.

(b) *Excise duties:* I now come to the proposals with respect to excise duties. Pursuant to the decision to continue the scheme of levying additional excise duties in lieu of sales tax on sugar, textiles and tobacco, we are committed to raise the overall incidence of these additional duties to 10.8 per cent on the value of clearances by the end of the Fourth Plan period.

Since this target has to be attained by 1973-74, it has become necessary to make a substantial beginning in the current year itself. For the present, I have decided to concentrate on cigarettes and, to some extent, on textiles.

There comes perhaps a time in the life of every smoker when the concern for his own health begins to outweigh the loyalty to an old and faithful companion. For those who cannot shake off their consuming passion, there is at least the consolation that the more taxes they pay, the more they serve the common cause. I am, therefore, fortified in my decision to increase once again the taxation on cigarettes by the thought that whichever way my smoking friends react, there would be a net gain to the national welfare. In place of the existing three slabs of duty on cigarettes, I propose to have five. By suitable adjustments of the basic and additional duties on these slabs, I hope to raise during the current year Rs 33.20 crores of which Rs 16.40 crores would go to the States by way of additional excise in lieu of sales tax. The effect of the proposals would be a marginal increase in the price of the cheaper varieties of cigarettes, but a much sharper increase for the more expensive varieties.

Textiles, particularly coarse and medium varieties of cloth, are a basic necessity, and their prices rose rather inordinately in 1970-71. Despite other constraints, I have therefore decided that the impost on textiles should be modest this year. I propose to step up slightly the additional excise duties on medium A and medium B varieties of cotton textiles from 4.8 paise to 6 paise per square metre and also to round off the additional duty leviable on coarse cloth from 3.6 paise to 4 paise per square metre. With respect to superfine and fine cloth, however, I propose to go much further, and raise the rates of the additional excise duty to 25 paise and 15 paise respectively per square metre. These several measures should fetch an additional revenue of Rs 4.90 crores which will accrue entirely to the States.

My other major proposal in regard to excises is in the area of motor spirit, solvents and a number of other minor lubricants. In view of the rise in inter-

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national oil prices, there is need for the maximum economy in the utilisation of petroleum and petroleum products if we are to conserve our scarce foreign exchange resources. No doubt, there will be a certain hardship involved in this, but I am afraid it has to be borne by our people. To curb consumption, I, therefore, propose to increase the duty on motor spirit by Rs 200 per kilo litre or 20 paise per litre. This measure will fetch an additional revenue of Rs 36.30 crores in the current year.

There is extensive misuse of certain special boiling point spirits, otherwise known as solvent oils, as adulterants for motor spirit. To discourage this practice, I propose to raise the duty on solvents from the present rate of Rs 45 per kilo litre to Rs 845 per kilo litre. This measure will yield Rs 4.25 crores during the current year.

Similarly, to prevent the adulteration of mineral turpentine oil with superior kerosene, an extra duty of Rs 100 per metric tonne is being imposed on the former. In the case of liquid petroleum gas, I am proposing to abolish the *ad valorem* duty of 20 per cent and, instead, impose a specific duty of 25 paise per kilogram. The rate of duty which at present obtains on lubricating stock oils and greases directly derived from refined petroleum would also from now on apply to blended lubricating oils, greases and calcined petroleum coke. However, the base petroleum products used in the manufacture of the latter items would be given a credit for the duty that might already have been paid. I expect these measures to yield an additional revenue of Rs 9 crores during 1971-72.

At present, carbon dioxide is liable to duty, but other gases, such as oxygen, chlorine, ammonia and refrigerant gases are exempt; these exemptions are being withdrawn. However, oxygen for medicinal use and ammonia used in the manufacture of fertilisers would continue to be exempted from duty. This measure is expected to yield Rs 1.60 crores.

I also propose to raise the basic duty on glassware to 20 per cent and on sheet and plate glass to 15 per cent. Glass shells, glass globes and laboratory glassware would be left untouched. While the duty on sanitary and glazed wares was revised last year, tableware and china were left undisturbed. This deficiency I propose to make good this year; both these items will now attract a uniform duty of 20 per cent. These two changes are estimated to provide us this year with additional revenue of around Rs 3.15 crores.

While air-conditioners pay a duty at the rate of 53.3 per cent, till now, the evaporative type of coolers have been exempt from duty. This discrimination deserves to be removed. However, I am proposing a duty of only 25 per cent on them and, at the same time, exempting them from the payment of the special excise duty. Vacuum flasks, similarly exempt till now, will also have to bear a levy of 15 per cent *ad valorem*. The gain

to revenue would be Rs 54 lakhs in the current year.

It is proposed to revise the duty on soap from the present effective rate of 11.4 per cent to 15 per cent. This would result in only a marginal increase in the price of toilet soaps. Household and laundry soaps are being left untouched. Because of partial exemption, the effective rate of duty on surface active agents works out to even less than that on ordinary household and laundry soaps. It is therefore proposed to abolish the partial exemption and restore the full statutory rate of duty on these products. These two revisions—relating to soap and surface active agents—are likely to yield a revenue of Rs 2.55 crores for the rest of the year.

It is also proposed to tax certain other luxury items. Latex foam sponge, used extensively in the manufacture of foam mattresses, bears at present a relatively low basic rate of duty of 20 per cent *ad valorem*; I propose to double this rate of duty. A similar levy will be imposed on polyurethane foam as well as certain products made out of this particular foam. The basic rate of duty on plates, sheets and strips of rubber is also being stepped up from 20 per cent to 25 per cent *ad valorem*. These measures would bring in Rs 2.60 crores of additional revenue in 1971-72.

The duty on crown corks and pilfer-proof caps is proposed to be raised from 1 paise to 2 paise each. This measure is expected to yield Rs 1.90 crores.

A few other changes are being proposed by way of rationalisation. These include an excise levy on dehydrated canned and bottled vegetables and on preparations of glucose and dextrose, the removal of the special concession of 50 paise per kg on the basic excise duty for certain varieties of staple fibre, the rounding off of the duty on cement from 23.76 per cent to 24 per cent, revising the duty upwards on woollen yarn and shifting a portion of the incidence to wool tops, revising the rates of duty on electric lighting bulbs other than those of 60 watts and less, revising the rates for fluorescent tubes as well as for electric fans and industrial fans other than those of a diameter not exceeding 16 inches, and removal of the concession of Rs 500 per tonne on copper used in the manufacture of wires and cables. These assorted measures would yield a combined revenue of over Rs 6 crores.

I have talked earlier about the need for the rapid reduction of income inequalities not only in the urban areas but also in the countryside. One way in which this could be brought about is through levying selectively indirect taxes on products and equipment used in agricultural operations by the richer sections of the peasantry. I propose, therefore, to tax agricultural tractors by charging a duty of 10 per cent *ad valorem*; this levy is likely to fetch a revenue of Rs 3.40 crores in the current year.

To augment revenue, several new items are being introduced into the orbit of Central excise taxation. The commodities and the rates of duty are being so chosen that the net effect of these imposts on the price level will be negligible. The items I propose to bring in include perfumed hair oil, shampoos, lipsticks, pressure cookers, playing cards, zip fasteners,

photographic cameras, cinematographic projectors and linoleum. Very few of us perhaps would like to venture an opinion on the contribution made by perfumed hair oil, lipsticks or playing cards to the style, pace and quality of living in modern India. But Honourable Members will, I am sure, agree with me that most of these commodities constitute the appurtenances of high living; excise levies on them will have little effect on the level of living of the overwhelming mass of the community.

For the same reason, I am proposing a levy on certain ready-made garments which are mostly purchased by the well-to-do. However, in order to protect the small manufacturers, this levy will be confined to ready-made garments manufactured with the use of power and sold under registered trade marks or brand names. As a further concession to the small producers, clearances up to a specified value would be excluded from the excise provided the aggregate annual output in the unit concerned does not exceed a ceiling.

I also propose to introduce an excise levy on a number of producer goods such as ball and roller bearings, bolts, nuts and screws, electric insulation and non-medical adhesive tapes, welding electrodes, grinding wheels and motor starters, as it is difficult to tax the end-products of these items and we are currently losing some potential revenue. The rate of duty will be 10 per cent. It is also proposed to charge a duty of 10 per cent on electric supply meters, typewriter ribbons, mosaic tiles, fork lift and platform trucks and certain motor vehicle parts and accessories. Wherever necessary, the interests of the small producers will be protected by a concession similar to the one I have mentioned in the context of ready-made garments.

Four more chemicals are being added to the list of excisable chemicals, and will be liable to duty at 10 per cent. A similar levy will also be imposed on camphor and menthol.

These various measures of new excise levies together are likely to yield Rs 15 crores.

I now want to announce an important new measure intended to meet the cost of the programme for children's health and nutrition. I propose to levy a duty of 10 paise per kg on maida processed by roller flour mills in the organised sector. This particular flour is usually consumed by the richer sections of the population and otherwise used in the manufacture of sweets; the consumption of bread, another item in the manufacture of which maida is used, is again mostly confined among the higher income groups. I am sure the slight additional expenditure which this levy would imply would be cheerfully borne by these consumers since the resultant revenue of Rs 7.4 crores which will accrue to the Centre will be earmarked for being spent on the welfare of children. In addition, the States also will receive nearly Rs 1.8 crores from this measure.

I will now refer to a few excise concessions which I have considered desirable. To promote the use of minor oils in the manufacture of soap and thereby reduce our dependence on imported tallow and oils, I propose to reduce the incidence of the duty on soap wherever there is cer-

tain minimum use of minor oils like neem and sal. The rate of duty on sodium silicate will be reduced to encourage the output of cheaper varieties of soap in the small-scale sector. In order to foster the greater utilisation of cottonseed oil, the existing excise rebate for using this oil in the manufacture of vanaspati will be increased. A similar concession is also proposed to be accorded to rice-bran oil.

With a view to providing some relief to the small and marginal units using powerlooms for manufacturing cotton fabrics, I propose to reduce the rate of compounded levy on units where not more than four powerlooms are installed from Rs 50 to Rs 10 per loom per annum. In the case of units employing more than four powerlooms, the compounded levy will be half of the existing rates. The concession at present available to independent processors, will be rationalised. There are also a couple of marginal concessions for the manufacturers of embroidery and leather cloth.

All these reliefs and concessions together would cost the exchequer around Rs 1.50 crores for the remaining part of the year.

This brings me to the end of the rather long enumeration of the proposed changes with regard to excise duties. Taking all the proposals for excise duties together, the total yield for the rest of the current financial year will be roughly Rs 89 crores for the Centre and Rs 43 crores for the States.

(c) *Other measures:* I am afraid, having dealt with direct taxes, customs and excises, I am not quite through as I have yet to propose to the Honourable Members a new measure which is not quite in the nature of an excise levy. This is a tax which I propose to impose on foreign travel. The levy will be at the rate of 20 per cent *ad valorem* on all tickets purchased in rupees; tickets paid for in foreign exchange will be exempt. The only other major exemption would be for students and scientists. The estimated revenue from this measure which would come into effect from a date to be notified later, would be about Rs 7.0 crores. In case any Honourable Member feels that I am taking away what many airlines have graciously offered by way of concessional fares, I wish to assure them that with the proposed *ad valorem* tax, the value of the concession in absolute terms would in fact be enhanced.

And now I come to the final set of proposals I have to announce on behalf of my colleague, the Minister for Communications. Honourable Members are aware that Posts and Telegraph branches have incurred heavy losses in the past and are anticipated to show a loss of as much as Rs 15 crores during the current year. Both the Tariff Inquiry Committee which was set up to examine the rates structure of the Posts and Telegraphs Department and the Administrative Reforms Commission have recommended the need for financial viability and the desirability of surplus being generated from the operation of Posts and Telegraphs. A certain upward revision in tariffs is therefore inescapable. While proposing this revision, we have kept in view the problems faced by the less affluent sections of society; items like post-

cards, letter cards, and letters have thus been kept completely out of the purview of the upward adjustment of rates. Most of the proposed increases relate to registration fees for postal articles, and telegraph and telephone tariffs. The registration and parcel fees are being raised by 5 paise and 10 paise respectively for 400 grams. There are also minor adjustments in the charges for telegrams consisting of more than eight words as well as in the rentals for telephones, teleprinters and telex services. The Memorandum detailing the proposed changes is being circulated along with the Budget papers.

So far as the Union Budget is concerned, the various proposals outlined would imply, for 1971-72, additional revenue aggregating to Rs 177 crores. The budgetary gap of Rs 397 crores I had indicated earlier will accordingly be now scaled down to Rs 220 crores.

I have now come to the end of my labours. Quite candidly, it has been for me a difficult Budget to frame. There are a wide range of fiscal proposals and, in some directions, the impact of the new levies cannot but be considerable. Let me remind Honourable Members, however, that the price rise in the economy has been sufficiently disquieting last year, and the budgetary deficit must therefore be kept within reasonable limits. In addition to the obligation that we owe to the community to increase substantially the size of the Plan and to provide for greater employment opportunities, there is, at this stage, still the imponderable factor of the

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developments in East Bengal and the rising flood of evacuees.

Fiscal policy, however, is not a matter simply, or even primarily, of raising resources to meet the inescapable demands on the national exchequer. It must serve larger objectives as well and guide the economy in desired directions. It must, in particular, make a significant impact on existing inequalities in income, wealth and economic power and reduce ostentatious consumption. It is for this reason that, in the field of direct taxation, I have introduced a number of measures whose significance to revenue in the short run may not be so great but which are vital for the achievement of a just society. In the field of indirect taxation also, objectives such as those of reducing pressures on our balance of payments have been kept in mind; and care has been taken to ensure that only a small proportion of the additional burden is borne by the common man.

It is hardly possible to claim that a new social and economic order can be ushered in through budgetary policy alone, much less through a single Budget. In a Budget of this magnitude it is also difficult to reconcile all the objectives we have set before ourselves. But I hope I have not flinched from the duty of trying to meet the immediate and urgent requirements while furthering our accepted objective of a truly socialist society.

Rural works programme for drought-affected areas

THE Rural Works Programme for chronically drought-affected areas, with an outlay of Rs 100 crores during the Fourth Five-Year Plan period in the non-Plan Central sector, is one of the special programmes in the Ministry of Food, Agriculture, Community Development and Co-operation (Department of Agriculture) initiated during 1970. The programme was introduced with the Budget of the financial year 1970-71 and an outline of the programme was given in the Budget document entitled "Towards Growth With Social Justice." (See *Commerce*, March 7, 1970.)

The problems of agricultural labour are particularly acute in chronically drought-affected areas and relief can be provided to them only by taking up a concerted programme of rural works which has a high employment potential and can, at the same time, increase the productivity of land and labour. With this objective, a substantial provision of Rs 100 crores is proposed to be spent on rural works in the

four years of the Fourth Plan period in chronically drought-affected areas

Having regard to various relevant factors and based on objective criteria such as rainfall distribution, irrigation facilities, frequency of occurrence of drought, etc. 54 chronically drought-prone districts of the country have been identified for the implementation of the programme. The names of the districts are given in the accompanying State-wise list.

Nature of Rural Works Programme

In these districts, planned action has been taken to frame a suitable work programme which will be labour-intensive. In the hard core of the drought-affected areas, conservation and development of natural resources of land and water are most important. The relevant labour-intensive programmes for this purpose include the following schemes

(i) Medium and minor irrigation projects (all aspects, including field utilisation

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tion activities, land levelling and other infra-structure facilities necessary to develop the entire command area; this will include roads and marketing complexes where these are necessary).

(ii) Soil conservation and afforestation.

(iii) Village and district roads necessary to open up the area and for increasing agricultural production.

The emphasis in the new Rural Works Programme for chronically drought-affected areas would be on the construction of civil works of a permanent nature as would contribute to the mitigation, if not the total eradication, of the scarcity conditions in the areas concerned.

During the period of construction, they would contribute to the direct employment of the persons of the locality; one of the safeguards to be taken would be to ensure that they do not result in influx of labour from elsewhere into these areas, thus, in a sense, aggravating the existing situation. All these works will be integrated into local areas' development programmes designed to generate a longer-term employment potential for agricultural labour.

Master Plans

For each selected Rural Works Programme district, a Master Plan will be prepared for a suitable period of time. The Master Plans will include schemes relevant to the objectives of the Rural Works Programme keeping in view the potentials and the needs of the local areas.

All these schemes would be integrated with the on-going development programmes, and Rural Works Programme schemes would be an additionality to the effort under the normal Plan. The assistance made available to the States under the programme is 100 per cent grant except in case of a small component of soil conservation works carried out on the private lands of the farmers, in which case, according to the practice in various States, the pattern of assistance is 25 per cent grant and 75 per cent loan.

The Master Plans would be fairly exhaustive to provide a ready-made source of well-considered viable schemes so that the programme can be enlarged in the unfortunate event of any future scarcity during the operation of the programme.

The programme is thus both preventive as well as curative. It is curative insofar as advance planning would be introduced in taking up works under scarcity relief operations. It is preventive in the sense that development works to increase the productivity of land and labour in the longer run would contribute to the mitigation of scarcity. Appropriate guidelines and a format for preparation of Master Plans have been worked out and circulated to the States.

Employment generation

It is not possible precisely to quantify the employment potential of the programme at this stage; however, for every Rs 1 crore of expenditure under the programme, employment is expected to be provided in the relevant working season of

the year for about 25,000 to 30,000 persons. The degree of labour intensiveness is different for schemes in different sectors.

The State Governments have been requested to estimate the employment generation of the proposed schemes. Steps have already been taken to ensure maintenance of adequate records at the works sites for collection of necessary data. Simultaneous steps have also been taken to study the actual effects on employment generation and for long-term evaluation of the programme.

Administration and co-ordination

The administrative responsibility for various programmes rests with the State Governments and the Union Ministries concerned. For co-ordination at the Centre, the Government of India has set up in the Planning Commission a Committee for Co-ordination of Rural Development and Employment. This committee is responsible for formulation and review of the progress, co-ordination at all appropriate stages and evaluation at suitable intervals of various special programmes including the Rural Works Programme for chronically drought-affected areas.

With a view to securing needed co-ordination at the State level, instructions have been issued to the State Governments for constitution of appropriate co-ordination committees at the State level and for the appointment of a suitable senior officer, who should be in a position to supervise, guide, plan and co-ordinate the various schemes throughout the State and be responsible for their implementation and execution.

As regards field agencies for implementation of schemes, this will have to be determined by the State Governments, for each item of work under the new programme, whether the existing agencies would be the most effective instrument or whether any adjustment would be necessary. The State Governments will have to determine the most suitable method of implementation of the programme and ensure that there is proper co-ordination, supervision, planning and execution at the district level.

The schemes are drawn up by the State Governments in consultation with the local authorities and scrutinised by the respective technical divisions of the Ministries in the Government of India. A streamlined procedure for early sanction of schemes has been evolved.

Of the 54 districts selected for implementation of Rural Works Programme in 13 States, schemes to be implemented during the current year (1970-71) had been sanctioned for 45 districts by the middle of February 1971. (Italics added.) An outlay of Rs 13.85 crores has been approved for the schemes to be implemented during the year 1970-71. Schemes for the remaining nine districts are under formulation. Simultaneously, action is being taken for formulation of Master Plans on the basis of which the programme for the future years would be sanctioned.

According to the reports so far received from the States, field implementation is in progress in almost all the 45 districts with varying degrees of intensity. The programme has been organised very speedily and the expenditure is likely to be of the order of about Rs 9 crores during the current year. Since various organisational, procedural and financial details have been sorted out, the programme would have a much higher tempo in the coming years.

List of 54 Districts selected for implementation of Rural Works Programme.

Andhra Pradesh: Anantapur, Kurnool, Cuddappah, Chittoor, Mehboobnagar.

Bihar: Monghyr, Palamau, one unit for 3 sub-divisions, namely Nawada sub-division of Gaya district and Bhabhua and Sasaram sub-divisions of Shahabad district.

Gujarat: Panchmahals, Kutch, Jamnagar, Rajkot, Amreli, Banaskantha, Surendranagar.

Haryana: Mohindergarh.

Madhya Pradesh: Jabua, Dhar, Sidhi, Betul.

Maharashtra: Ahmednagar, Sholapur, Nasik, Poona, Satara, Sangli.

Mysore: Bijapur, Chitradurga, Kolar, Dharwar, Belgaum.

Orissa: Kalahandi, Boudh, Phulbani.

Rajasthan: Jaisalmer, Barmer, Pali, Jalore, Bikaner, Churu, Jodhpur, Banskara, Nagaur, Dungarpur.

Tamil Nadu: Dharmapuri, Ramanathapuram.

Uttar Pradesh: Mirzapur, Banda, Allahabad, Varanasi, Hamirpur, Jalaun.

West Bengal: Purulia and Midnapur (one unit) and Bankura (one unit).

Jammu and Kashmir: To be identified.

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3, Round Building, BOMBAY-2

Crash scheme for rural employment

The following is the crash scheme for rural employment announced by the Union Ministry of Food and Agriculture, Community Development and Co-operation (Department of Community Development).

WITH a view to alleviating the prevailing condition of unemployment and under-employment in rural areas, the Government of India has decided that a scheme for the execution of essentially labour-intensive projects in all the districts of the country should be implemented with utmost urgency. This scheme has been designated as "Crash Scheme for Rural Employment". The essential elements of this scheme are indicated below:

Already several schemes, which have both employment generation and production aspects, are in operation in various parts of the country. Notable among these are the schemes in respect of Small Farmers Development Agencies (SFDA) and Marginal Farmers and Agricultural Labourers (MFAL). In addition, there is also the Rural Works Programme which is designed to produce durable assets through labour-intensive projects in areas that are chronically prone to drought. The majority of the districts of the country do not come within the purview of these schemes. The Crash Programme for Rural Employment (hereinafter referred to simply as the Scheme) is, therefore, intended for the benefit of all the districts of the country and particularly districts not covered by the other schemes.

The Scheme will come into operation in April, 1971 and, as decided so far, will remain in operation till the end of the Fourth Plan period, that is, till March 31, 1974. The Scheme will be a Centrally-sponsored one but implemented through the agency of State Governments and Union Territories. At present it is outside the Plan. If approved by the National Development Council it will be included in the Plan. The Scheme is likely to cost Rs 50 crores per annum. This cost will be borne entirely by the Government of India.

The Scheme contemplates direct generation of employment through the execution of projects which are essentially labour-intensive in all the districts of the country. The Scheme has a two-fold purpose. First, each project should provide employment for 1,000 persons on an average continuously over a working season of ten months in a year in every district. Secondly, each project should produce works or assets of a durable nature in consonance with local development plans.

The quota of 1,000 persons per district is not to be regarded as rigid. Some flexi-

bility is permissible. The need for the generation of employment in some districts may be more acute than in other districts for the reason that other schemes for providing alternative opportunities of employment may be available in the latter and not in the former, or that the former are more populous than the latter or for similar other reasons. Therefore, deviation from the thousand person quota is permissible in some cases. The extension of the quota in such cases will however be limited to a number which will be equivalent to the number of blocks in the districts multiplied by 100.

The projects should employ as far as possible persons belonging to families where no adult member is employed. If it is not always possible to adhere to this principle, persons should be selected for employment with due regard to the possibility of their finding alternative employment. In other words, a person who is not likely to find any employment anywhere should be given preference over one who is likely to find some employment somewhere.

The rate of wage to be paid to the persons employed in the district projects shall be equal to the off-season rate for agricultural labourers in the district and shall not, in any case, exceed Rs 100 per month. Care should be taken to see that the rate of wage is not fixed in such a manner as either to induce people to give up employment which they have already secured and to seek employment in the projects or to fail to attract unemployed or under-employed people.

The projects that will be undertaken should be essentially labour-intensive like: (a) road-building; (b) reclamation and development of land; (c) drainage, embankments etc; (d) water conservation and ground-water recharging; (e) minor irrigation; (f) soil conservation; (g) afforestation; and (h) special repairs—as distinguished from ordinary, day-to-day, maintenance repairs—of existing assets with a view to making them durable and more useful.

This list is illustrative and not exhaustive. Any project that is labour-intensive can be undertaken subject only to the condition that works or assets of a durable nature are produced and they are in consonance with local development needs.

It is realised that if the projects are to produce durable assets they may require for their execution not only labour—although that will be the more important part of it but also materials, equipment etc. The Scheme, therefore, permits some expenditure on these items. Their cost should not however exceed 25 per cent of the cost of labour. From the indications

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given above, the cost of labour for any project can be determined. The cost of materials etc may however vary from project to project but will have to be limited to 25 per cent of the cost of labour. The following illustration in this regard will be helpful. If 1,000 persons on an average are employed in every district for ten months in the year at a wage of Rs 100 per month, the cost of labour for every project will be Rs 10 lakhs per annum. Twenty-five per cent of this sum is Rs 2.50 lakhs. Thus each district can expect to get Rs 12.50 lakhs per annum.

The responsibility for the maintenance of the works or assets that will emerge after the completion of every project will be that of the State Governments and Union Territories. Guidelines have been sent to all State Governments and Union Territories for the implementation of the Scheme. The State Governments and Union Territories will be formulating projects in accordance with these guidelines for the remaining three years of the Fourth Plan period commencing from April 1971. The projects will be sent to the Government of India as and when they are ready for sanction. The projects will be sanctioned by the Government of India in the Department of Community Development after the latter are satisfied that the projects are in accordance with the Scheme.

Suitable machinery has been devised by the Government of India to ensure that the projects of the States and Union Territories are scrutinised expeditiously and sanctions are also issued expeditiously. The States and Union Territories have been requested to make similar arrangements for ensuring that the projects are executed efficiently.

For the success of the Scheme much will depend upon the interest taken in it by the States and Union Territories, and upon the co-operation and assistance extended by them to the Government of India. The Prime Minister has written letters to all Chief Ministers and the Governors of the two States which are at present under President's Rule—West Bengal and Orissa—emphasising the importance of the Scheme and the need for its urgent and effective implementation. The Union Minister in charge of the Community Development Department will be speaking to the Chief Secretaries of all States and Union Territories in this connection at a conference in New Delhi shortly.

In conclusion, it is to be emphasised that the Scheme is not intended to be either a scheme for test relief or gratuitous relief. Undoubtedly, the primary objective of the Scheme is to provide employment for a section of unemployed or under-employed people. Such employment is however to be found in ventures that will be conducive to the total development effort of the nation. Since the intention of the Government of India is not to spend money gratuitously, the expenditure of money has to be justified by the production of durable assets of value to the nation. The generation of employment is an important part of the Scheme. The final product of the employment to be generated is perhaps a more important part.

BUDGET STATISTICS

Central Budget : Revenue receipts and disbursements

(Rs crores)

		1970-71		1971-72	1970-71		1971-72
		(B F)	(R I)	(B E)	(B E)	(R E)	(B E)
RECEIPTS				DISBURSEMENTS			
A Tax Revenue				A Civil expenditure			
(a) Taxes on income				(a) Social and development services	319 85	313 72	376 40
(i) Corporate tax	342 00	365 00	395 00	(b) Economic services			
(ii) Taxes on income other than corporate tax	436 75	460 00	480 00	(i) Multi purpose river schemes, etc.	14 56	15 17	20 43
(b) Taxes on property and capital transactions				(ii) Public works etc.	42 63	39 80	42 71
(i) Estate duty	7 50	7 00	7 00	(iii) Transport and communications	20 80	21 60	22 62
(ii) Wealth tax	18 00	16 00	30 00	(c) Other expenditure			
(c) Taxes on commodities and services				(i) Collection of taxes and duties	48 55	48 08	50 88
(i) Customs duties	465 00	467 62	480 00	(ii) Debt services	597 48	603 91	648 39
(ii) Union excise duties	1,812 75	1 805 24	1 951 17	(iii) Administrative services	189 70	200 93	236 61
(iii) Other taxes and duties	52 13	56 64	59 95	(iv) Currency and mint	26 00	26 92	28 35
Total gross tax revenue	3,134 13	3,197 50	3,403 12	(v) Miscellaneous	221 26	234 30	277 97
Less transfer to States				(vi) Contributions and miscellaneous adjustments	10 77	13 07	13 45
(a) Taxes on income	348 30	359 09	420 77	(vii) Extraordinary items	6 64	6 60	6 62
(b) Estate duty	7 17	6 30	6 70	Total civil expenditure	1 498 24	1 524 10	1 724 43
(c) Union excise duties	388 42	390 04	422 85	B Defence expenditure (net)	1 017 84	1 039 89	1 079 23
Total transfers to States	741 59	755 41	850 32	C Grants in aid to States and Union Territories with legislature	636 10	629 30	783 20
Not tax revenue	2 390 24	2 442 07	2 552 80	Total revenue disbursements	3 132 18	3 193 20	3 586 86
B Non tax revenue				Surplus (+) or deficit (-) on revenue account	- 137 81	- 108 14	- 24 55
(a) Debt services	611 27	630 12	661 78				+ 177 37*
(b) Currency and mint	98 07	99 36	124 23				
(c) Other non tax revenue†	190 41	219 88	223 50				
Total non tax revenue	899 75	949 36	1 009 51				
Total revenue receipts (net)	3 283 99	3 391 43	3 562 31				
			+ 177 37*				

* Effect of Budget proposals

† Includes PL 450 grants and food aid amounting to Rs 33 crores in R E 1970-71

‡ Excludes grants in aid to States and Union Territories with legislature shown separately

§ Includes a plan provision of Rs 541 crores in Budget Estimates 1971-72 as against Rs 437 crores in the Revised Estimates for 1970-71

Sources and uses of funds of the Central Government

Sources	1961-62		1971-72 (B F)		Uses	1961-62		1971-72 (B E)	
	Rs crores	Per cent	Rs crores	Per cent		Rs crores	Per cent	Rs crores	Per cent
1. Taxes	1 051	43 6	3 580	48 5	1. Development	507	21 0	1 238	16 8
2. Non tax	317	13 2	1 010	13 7	2. Defence	312	13 0	1 242	16 8
3. Internal borrowing	206	8 5	500	6 8	3. Transfer to States and Union Territories	828	34 3	2 642	35 8
4. External borrowing	314	13 0	653	8 8	4. Investment in public sector undertakings	145	6 0	587	8 0
5. Recovery of loans	201	8 3	930	12 6	5. Domestic debt repayments	138	5 7	332	4 5
6. Miscellaneous	208	8 6	489	6 6	6. External debt repayment	66	2 7	216	2 9
7. Overall deficit	115	4 8	220	3 0	7. Miscellaneous	416	17 3	1 125	15 2
Total	2 412	100 0	7 362	100 0	Total	2 412	100 0	7 362	100 0

SOURCE : Government of India, Ministry of Finance, Explanatory Memorandum on the Budget of the Central Government, Part I (1971-72).

BUDGET STATISTICS

Capital Budget: Receipts and disbursements

(Rs crores)

		1970-71		1971-72 (B.E.)	1970-71		1971-72 (B.E.)		
		(B.E.)	(R.E.)		(B.E.)	(R.E.)			
RECEIPTS				DISBURSEMENTS					
A. Debt raised in India :				A. Civil expenditure :					
Gross borrowings		455.00	427.50†	500.00	(a) Social and development services ..		348.87	322.30	305.97
Less : Repayments		293.30	291.30	332.10	(b) Economic services :				
Net		161.70	136.29	167.90	(i) Multi-purpose river schemes, etc.		71.25	59.40	58.20
B. Foreign loans :				(ii) Public works, etc.		82.64	79.55	100.46	
(a) P.L. 480 Aid :					(iii) Transport and communications ..		28.71	23.32	30.67
(i) Dollar credit		84.00	81.37	114.37	(c) Other expenditure :				
(ii) Rupee loans		35.00	50.00	12.00	(i) Currency and mint		12.03	184.28	9.05
(iii) P.L. 480 deposits (net) ..		13.27	— 9.59	—13.04	(ii) Miscellaneous		—29.15	14.88	—13.43
(b) Other loans		600.00	550.00	540.00	Total civil expenditure ..		524.35	684.03	490.92
Total receipts		732.27	671.78	653.33	B. Posts and telegraphs		35.00	15.80	38.60
Less : Repayments		200.25	195.46	216.23	C. Railway capital outlay		150.00	126.10	161.00
Net		532.02	476.32	437.10	D. Defence capital outlay		133.67	142.94	162.43
C. Repayment of loans and advances ..		825.00	930.00	930.00	E. Loans and Advances :				
D. Other items :					(i) States and Union Territories ..		878.25	1,039.40	966.30
(a) Small savings		140.20	145.30	180.40	(ii) Others		467.19	524.22	586.64
(b) Other receipts		164.79	416.96	308.14	Total loans and advances ..		1,345.44	1,563.71	1,552.94
Total (a) + (b)		304.99	562.26	488.54	Total capital disbursements ..		2,188.40	2,532.58	2,395.89
Total capital receipts ..		1,823.71	2,104.87	2,023.54	Deficit (—) on capital account ..		—364.75	—427.71	—372.35
					Overall deficit (—)		—220.94	—229.57	—396.90
									+177.37*

* Effect of Budget proposals.

† Excludes Rs 75 crores of *ad hoc* treasury bills converted into dated securities.

Gross capital formation out of the budgetary resources of the Central Government

(Rs crores)

	1950-51	Total First Plan	Total Second Plan	Total Third Plan	1960-61	1961-62	1962-63	1963-64	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70 (R.E.)	1970-71 (B.E.)
I. Gross capital formation by the Central Government															
(1)+(2)+(3)	80.1	612.3	1,444.5	2,445.1	307.4	343.1	432.1	551.8	597.7	520.4	500.2	467.1	333.9†	507.0	614.8
1. Fixed assets	79.5	593.9	1,362.3	2,355.4	302.0	331.4	424.9	498.7	551.3	549.1	506.5	455.4	448.7	513.1	624.8
2. Works stores	9.9	9.8	8.3	99.5	—38.4	—0.7	26.9	43.3	28.8	1.2	15.1	7.2	—10.1	—10.8	—3.7
3. Increase in stocks of foodgrains	—9.3	8.6	73.9	—0.8	43.8	12.4	—19.7	9.8	17.0	—20.9	—21.4	4.5	—104.7‡	4.2	—6.3
II. Gross financial assistance for capital formation (4)+(5)+(6)															
4. To State Governments ..	48.7	992.7	2,460.2	4,706.6	554.6	619.3	744.8	972.8	1,084.7	1,285.0	1,293.0	1,207.6	1,193.7§	1,237.8§	1,389.9
5. To non-departmental commercial undertaking ..	41.1	815.7	1,373.2	2,837.4	319.3	374.4	447.6	604.4	671.6	739.4	725.5	603.1	708.6	696.0	722.0
6. To others †	5.2	81.1	932.4	1,058.8	210.7	208.6	258.8	334.6	364.2	492.6	510.0	460.5	433.0§	470.0§	575.3
	2.4	95.9	154.7	210.4	24.6	36.3	38.4	33.8	48.9	53.0	57.5	54.0	52.1	71.8	92.6
III. Gross capital formation out of the budgetary resources of the Central Government (1+II)															
.. ..	128.8	1,605.0	3,904.8	7,151.7	862.0	962.4	1,176.9	1,524.6	1,682.4	1,805.4	1,793.2	1,674.7	1,527.6	1,744.8	2,004.7
IV. [Line III as percentage of gross national product] ||															
.. ..	1.3	3.2	5.9	7.2	6.1	6.5	7.4	8.4	7.9	8.3	7.1	5.6	5.0	5.3	5.4

NOTES:—* Public undertakings operated by autonomous corporations or companies.

† Include loans and grants to local authorities for capital formation.

‡ Excludes transfer of foodgrains to the Food Corporation amounting to Rs 58 crores.

§ Excludes loans to the Food Corporation of India for the stock-filling of foodgrains—Rs 190 crores for 1968-69 and Rs 25 crores for 1969-70 (R.F.).

|| Derived by C.R.B.

SOURCES: Government of India, Ministry of Finance, *Economic Survey, 1967-68 and 1970-71*.

BUDGET STATISTICS

Taxes in India as percentage of GNP

(Rs. crores)

Year	Direct taxes	Indirect taxes	Total taxes (1+2)	GNP	Column (3) as per cent of column (4)
	(1)	(2)	(3)	(4)	(5)
1948-49	239	362	601	N.A.	..
1949-50	219	394	613	N.A.	..
1950-51	231	428	659	9,572	6.9
<i>First Plan</i>					
1951-52	243	531	774	10,091	7.7
1952-53	248	461	709	9,871	7.2
1953-54	240	473	713	10,551	6.8
1954-55	237	523	760	9,824	7.7
1955-56	255	558	813	10,383	7.8
<i>Second Plan</i>					
1956-57	293	646	939	11,794	8.0
1957-58	323	789	1,112	12,030	9.2
1958-59	336	817	1,153	13,349	8.6
1959-60	371	914	1,285	13,824	9.3
1960-61	420	1,040	1,460	14,029	10.4
<i>Third Plan</i>					
1961-62	467	1,190	1,657	14,880	11.2
1962-63	574	1,408	1,982	15,803	12.6
1963-64	707	1,714	2,421	18,088	13.4
1964-65	763	1,931	2,694	21,176	12.7
1965-66	775	2,273	3,048	21,839	14.0
<i>Annual Plans</i>					
1966-67	832	2,594	3,426	25,285	13.5
1967-68	831	2,784	3,615	29,889	12.1
1968-69	..	..	3,880*	30,329	12.8
<i>Fourth Plan</i>					
1969-70	..	..	4,080*	33,019	12.4
1970-71	..	..	4,370*	36,950*	11.8

N.A. = Not Available.

* Estimated by Commerce Research Bureau.

SOURCE: For years 1948-49 to 1959-60, Central Statistical Organisation, Government of India, Estimates of National Income, January 1963, Table 6, pp. 10-11, and for years 1960-61 to 1967-68, Central Statistical Organisation, Government of India, Estimates of National Product (Revised Series), August 1970, Table 8, p. 15. Column (5) derived by us.

NOTE: Data on taxes cover taxes collected by Central, State and local governments.

Transfer of resources from the Centre to the States

(Rs. crores) %

Year	Resources made available by the Centre				Total expenditure of States	Percentage of (6) to (7)	
	Shared taxes	Grants	Loans				Total (Net)
			Gross	Net			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1951-52	52.9	33.9	60.8	48.6	135.4	543.9	24.9
1952-53	73.8	36.0	92.0	78.2	188.0	572.4	32.8
1953-54	72.8	45.3	124.0	110.8	228.9	623.3	36.7
1954-55	71.6	51.4	193.4	174.8	297.8	700.3	42.5
1955-56	81.4	48.2	249.5	225.5	355.1	912.0	38.0
Total First Plan period	352.5	214.8	719.7	637.9	1,205.2	3,351.9	36.0
1956-57	78.2	38.8	201.4	154.0	281.0	947.8	29.6
1957-58	120.9	114.4	276.0	215.3	450.6	1,031.1	43.7
1958-59	162.1	141.5	293.7	232.0	535.6	1,122.4	47.7
1959-60	109.9	181.6	275.6	193.9	545.4	1,266.3	43.1
1960-61	179.0	224.1	328.1	232.7	635.8	1,478.3	43.0
Total Second Plan period	710.1	700.4	1,374.8	1,037.9	2,448.4	5,645.9	41.9
1961-62	178.4	214.8	452.4	318.5	711.7	1,630.4	43.7
1962-63	224.1	219.9	523.5	378.8	822.8	1,807.6	45.5
1963-64	259.5	234.0	624.0	444.6	938.1	2,102.2	44.6
1964-65	257.9	285.8	680.1	464.1	1,007.8	2,356.3	42.8
1965-66	276.1	348.4	821.4	545.2	1,169.7	2,823.0	41.4
Total Third Plan period	1,196.0	1,302.9	3,101.4	2,151.2	4,650.1	10,719.5	43.4
1966-67	372.6	413.1	919.8	638.5	1,424.2	3,063.9	46.5
1967-68	415.7	479.0	877.5	492.5	1,387.2	3,221.0	43.1
1968-69 (R.E.) ..	491.0	507.2	895.4	521.8	1,320.0	3,627.3	36.4
Fourth Plan							
1969-70 (R.E.) ..	621.7	536.1	1,036.1	598.3	1,556.1	4,058.7	38.3
1970-71 (R.E.) ..	753.4	570.1	1,011.7	346.7	1,672.2	4,088.5	40.9
1971-72 (R.E.) ..	860.3	735.5	937.1	282.6	1,868.4	N.A.	..

SOURCES: (1) Reserve Bank of India Bulletin, August, 1970, up to 1969-70 and

(2) Government of India, Explanatory Memorandum on the Budget of the Central Government.

Amar Dye-Chem Ltd

Chairman, Shri Amritlal Kalidas Doshi's Speech

SPEECH by the Chairman, Shri Amritlal Kalidas Doshi delivered at the 17th Annual General Meeting of the Company on 3rd June 1971:

I have great pleasure in welcoming you this afternoon to the 17th Annual General Meeting of the Company and to place before you the Annual Report of the Board of Directors and the Audited Accounts of the Company for the year ended 31st December 1970 which have already been circulated.

I hope you had an opportunity to go through the Directors' Report and the Accounts. With your permission, I shall take them as read.

Company's Operations

I am glad to report to you that the year 1970 has been unusually good in comparison with the last year. There was an increase in sales both in quantity and value during the period under review. The Sales Turnover of the Company was little more than 50 per cent in terms of value as compared to the year 1969 as can be seen from the following figures:

	Year	Value
Sales	1969 Rs.	6 71 34,410
	1970 Rs.	10 10 93,090

The year under review was also an year marked for the shortage of some imported and indigenous raw materials and for delay in getting necessary import licences. The Company therefore was forced to buy import entitlements at very high premiums to meet the demand which came up very suddenly in the second half of the year.

Progress During the Current Year

However the demand has abated from the beginning of the year, due to various factors, major ones being (1) tight money position and (2) crisis that has overtaken the textile industry. The Sales Turnover, therefore, for the four months of the current year is as below:

Period	Value (in crores)
January to April 1970	Rs. 3 20
January to April 1971	Rs. 3 07

Nevertheless your Company has a wide spectrum of dyes and operations are fairly broad-based to tide over such slump periods. But this shall call for greater efforts on the part of the Company to maintain sales in the current year. It is, however, too early to say that working results of the current year will be as favourable as those of the last year.

K.C.A. Private Limited, a Subsidiary of the Company

As indicated in the Directors' Report, K.C.A. Private Limited has become a subsidiary concern in the year under review. K.C.A. is expected to make good progress with the guidance of your Company and will extend its operations to other groups of dyes and intermediates so as to enlarge its present production. Your Directors hope that very soon K.C.A. will contribute to the profitability of your Company.

K.C.A. has manufacturing licences of the following categories of Dyes and Intermediates:

1 Licence No. L/21/N-20/60 Dated 17th March 1960 for:

(a) Azo Dyes comprising of Chromium complex colours and Acid and Direct colours 600 tonnes per year.

(b) Intermediates required in the manufacture of dyes mentioned above 425 tonnes per year.

2 Licence No. L/21/10/60-CH III dated 31-1-1961 for:

Food Colours
Acetate Colours
Silk Colours
Chrome Colours
Light Fast Colours
Oil Colours
Special Dyes for Leather
Paper and other Industries

380 Tonne

After implementation of this programme which will of course, take some time the Company will make additional groups of Dyestuffs, and thus it will be further broad-based to meet and cope with the requirements of the country's demand of almost all dyes consuming industries.

Research

Your Company has enlarged its research activities and as in the past these have paid rich dividends.

After receiving Sir P. C. Ray Award in 1966, the Company has again been awarded 'Mafatlal Group Award' newly instituted by the Indian Merchants' Chamber for 'Original Research and Invention Contributing to the Development and Manufacture of Fibre Reactive Dyestuffs'.

Expansion

As indicated in the Directors' Report, your Company has expansion scheme of Vat Dyes, Rubber Chemicals and Cyanuric Chloride, on hand. Our diversification plans, as already mentioned in the Directors' Report, are designed to broaden the base of the Company's manufacturing activities.

Exports

The exports during the year 1970 were more than those in the year 1969 as can be seen from the following figures:

Year	Value
1969	Rs. 25 17 lacs
1970	Rs. 28 80 lacs

Your Company's performance, in this field, would have been much better had it not been for the international shortage of intermediates and increased demand in the country. However, the exports during the current year, for first four months, are considerably more in comparison with those of 1970. We have already reached the figure of Rs. 17.64 lacs as against Rs. 5.26 lacs during the same period in 1970.

Technical Collaboration with a Company in Argentina

The Company has established a precedent by exporting know-how and technical

assistance to a concern in Argentina for the manufacture of Reactive Dyes and Optical Whiteners for Cotton Nylon and Polyester Fibres. Your Directors are glad to inform you that your Company is the first Indian concern to offer Technical Collaboration, in the Dyestuff Field to a foreign country.

Training Scheme and Labour

In order to mitigate unemployment of engineers, the Government of India have initiated a practical training stipend scheme. Your Company has fully co-operated with the Western Region Board and has accepted ten young engineers for one year's practical training in engineering in the Kalyan Factory under the Government Scheme and a stipend of Rs. 250 per month is paid to each such trainee.

Besides above scheme, the Company has also a training scheme for Graduate Engineers, initiated in 1968 and the scheme has expanded since then. At present the Company has three years training scheme in the field of Civil Mechanical and Electrical Engineering and is paying stipend of Rs. 250, Rs. 300 and Rs. 350 per month during the first, second and third years training respectively. These trainees, if they are found suitable and efficient on the conclusion of the training period are absorbed in the Company subject to vacancy.

In this manner your Company is playing its part in helping the country's technical manpower to gain practical experience in engineering and find suitable employment either in your Company or in any other industrial concerns.

Our relations with the workers continue to be cordial. In 1970 we concluded negotiations and signed a new agreement, for three years for wage scale and other demands, as the previous agreement in the matter had expired.

General

It is my pleasant duty to express my deep sense of gratitude to my colleagues on your Company's Board of Directors for all their co-operation and valuable guidance in managing the affairs of the Company and to the Managing Director who has been wholeheartedly devoting all his time in developing and enhancing the business of your Company.

Finally I shall be failing in my duty if I was not to express my appreciation to the officers and members of the staff for services rendered and for their team spirit.

While thanking you all once again for your continued support and for the confidence expressed in us in all the new ventures, I now commend the Report and Statement of Accounts for adoption and propose the following Resolution:

'RESOLVED that the Directors Report Audited Accounts, Balance Sheet and Profit and Loss Account, of the Company for the financial year that ended on 31st December 1970 with the Auditors' Report thereon be and they are hereby approved.'

Thank you

A. K. Doshi
Chairman

N.B. This does not purport to be a record of the proceedings of the Annual General Meeting.

UNION BANK OF INDIA

REPORT OF THE BOARD OF DIRECTORS

1. The Directors have pleasure in presenting the audited Balance Sheet and Profit and Loss Account for the year ended 31st December, 1970.

2. In the first full year after nationalisation the Bank's performance can generally be considered quite satisfactory. In spite of the rise in operational expenses, burden of implementation of new wage scales, both for workmen and officer staff of the Bank, and load resulting from opening of as many as 101 new branches, the working results were quite satisfactory. The net profit for the year, after providing for taxation, came to Rs 48,73,826 75 from which the following appropriations have been made:

1969		1970
Rs.	Amount transferred to Reserve Fund in terms of Section 3 (b) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970	Rs.
8,75,000 00		9,75,000 00
15,00,000 00	Amount provided for Bonus to Staff	21,50,000 00
	Balance amount to be transferred to Government in terms of Section 10 (7) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970	
8,67,347 40		17,48,826 75
32,42,347 40		48,73,826 75

3. Both in respect of resources mobilisation and resources utilisation, the performance of the Bank can be considered very satisfactory and in tune with the national objectives. Organisationally also, there is room for cautious optimism about the Bank's ability to face the new challenges and resulting problems better than in the past. As a result of various measures already introduced or proposed to be introduced, the Bank should be equipped to meet the new situation with confidence.

4. Statistically speaking, in the year 1970 the Bank had the satisfaction of registering deposit growth at a rate faster than that achieved by the banking industry as a whole. In terms of point to point rise deposits of the Bank increased from about Rs 133 crores as at 31st December, 1969 to about Rs 175 crores as of 31st December, 1970. Even disregarding the quantum of about Rs 12 crores of current deposits, representing share money on a new issue of one of the reputed companies, which were placed with the Bank in the last fortnight of December, the rate of growth in deposits at 2.6 per cent compared quite favourably with 1.5 per cent growth rate recorded by the banking industry.

5. Though the Bank had introduced quite a few new schemes for deposit mobilisation, their contribution to sustained deposit mobilisation appears, in our experience, to be marginal. The real contribution to the deposit mobilisation drive, it is realised, comes only through advanced planning, good customer service, vigilance on economic environment and sustained efforts and keen sense to tap any new funds generated in the area. It is a matter of gratification for the Board that in the year under review not only did the Branch Managers show considerable enthusiasm but also there were quite a few notable instances where members of the staff, including those in the subordinate cadre, showed a sense of involvement in mobilising the people's savings and catching the imagination of those who were hitherto outside the banking fold.

6. The Bank's lending operations were kept strictly in line with the policies laid down by the monetary authorities. Its anxiety to follow the Reserve Bank's guidelines to restrict credit with a view to keeping the price line in check, can be judged from the fact that during the current busy season, the Bank's credit deposit ratio was maintained well within 72 per cent without, at the same time, denying credit to key areas.

7. The process of qualitative changes in the Bank's advances portfolio was further carried in the year 1970 which witnessed a marked emphasis on priority and neglected sectors. Both the number of accounts and outstandings in respect of each of the sectors recorded significant increase during the year. The ratio of priority sector advances to total advances increased from 31.8 per cent at the end of 1969 to 38.8 per cent at the end of 1970. This was mainly due to the increased assistance to the agricultural and small scale sectors. Export sector also continued to enjoy the priority it has always had since 1965. The following comparative table reveals the significant rise in the assistance granted by the Bank to the weaker sections —

Sectors	December, 1969			(Rupees in lacs)		
	Number of accounts	Balance outstanding	Percentage to total advances	Number of accounts	Balance outstanding	Percentage to total advances
Agriculture	4808	4,42 8	5.2	21335	10,53 2	9.4
(a) Direct	3719	2,44 0		20497	7,48 3	
(b) Indirect	1081	1,98 0		838	3,04 9	
Small-scale Industries	2420	7,75 0	9.0	4073	14,44 6	12.1
Exports		14,82 0	17.3		17,64 0	15.8
Transport Operators	53	15 0		415	76 8	
Retail Trade and Small Business	291	10 0	0.3	1850	70 9	1.5
Professionals and self-employed	29	0 8		430	15 5	
Educational Loans	11	0 2		221	7 0	
Total	27,23 0	91.8		43,80 0	38.8	

8. The importance attached by the Bank to the priority sectors can be best appreciated from the fact that as much as 80 per cent of the investible resources gathered by the Bank during the year under review went to finance these sectors. Regarding the purely short term inflow of Rs. 12 crores in the last week of December 1970, deposit accretion during the year amounted to Rs. 30 crores. After meeting the statutory liquidity requirements, Rs. 20 crores were available to the Bank for deployment. Of this, growth in total advances to priority sectors accounted for Rs. 16 crores, i.e. 80 per cent of the accretion to deployable resources.

9. With the transfer of Rs. 9,75,000 from the net profit, as stated above, the Reserve Fund of the Bank now stands at Rs. 1,33,50,000.

10. In pursuance of the national policy of taking banking services to hitherto uncovered sectors, the branch expansion activity of the Bank reached an unprecedented scale. The year under review witnessed the Bank opening 101 new branches taking the total number of branches from 273 in 1969 to 374. Of the new branches, 43 were in rural centres, 37 in semi-urban, 16 in urban and 5 in metropolitan centres. As a result, the ratio of rural and semi urban branches to total branches of the Bank improved from 46.9 per cent at the end of 1969 to 55.6 per cent as at 31st December, 1970.

11. Of the five districts allotted to the Bank under the Lead Bank Scheme, the Bank has already submitted Survey Reports on three districts. Survey in depth of two other districts have also been completed within the scheduled time and reports thereon are expected to be submitted shortly. Administrative steps are also being taken particularly to educate Branch Managers in the area on the objectives of Lead Bank Scheme and to ensure their active involvement. It is realised that the Bank's lead role responsibilities really begin only after the surveys are completed and backward areas and sectors needing special attention and assistance are identified. In order to ensure effective implementation of the schemes drawn up in the light of the Survey Reports, two special Lead Offices—one each in the Pudukkottai U.P. and Ernakulam District in Kerala—have been opened. These offices are manned by a team of development officers including technical personnel in Agriculture and Small Scale Industries.

12. While the Bank's standard of customer service can be considered satisfactory, there is room for improvement in various directions. The Bank also recognises that good customer service is not confined to the service at the counters only. It is the Bank's firm belief that the standard of customer service can be improved and operational costs reduced only by rationalising procedures and introducing innovations. This aspect is being given priority of attention and bold and imaginative steps are being taken to change time worn procedures and methods. During the year under review, several such innovative steps have been taken and the improvement in the standard of customer service is reflected in the more than satisfactory growth in deposits and other operations of the Bank.

13. While the Bank's business and working results are also commendable to the new ideals and policies are heartening, the Board of Directors are conscious of the inbuilt and unavoidable organisational weaknesses and deficiencies and are alive to the thought that process of geographical and functional expansion has to be accompanied by the process of organisational consolidation. The rapid expansion of branches all over the country, coupled with the Bank's entry in the hitherto unexplored fields, has put severe strain on the entire organisation. As a result of the acute shortage of trained personnel, most of the new branches have to be placed in charge of comparatively inexperienced officers who, despite their sincerity and zeal, need constant and purposeful guidance from the Central Office. Serious attention is, therefore, paid to the organisational structure of the Bank and the Central Office set up is closely reviewed and strengthened from time to time.

14. The personnel constraints which inhibit almost every aspect of growth of the Bank needed priority of attention. Accepting the suggestion made by the Reserve Bank of India, it was decided to set up a Management Development Department in the Custodian's Secretariat. Though the Department has not formally been constituted, important aspects of Management Development have already been given a close scrutiny. The recruitment policy is being revised. Qualitative changes in composition of staff are made with recruitment of specialists in Agriculture, Industrial Finance and other fields with a view to improving the quality of assistance given to the weaker and priority sectors and to providing purposeful guidance to branches. Steps have been initiated to develop a personnel inventory, and training programmes have been recast to meet the new situations. Apart from strengthening the existing Training College in Bombay, steps are afoot to set up a few regional training centres. Possibilities of collaboration with some of the other banks for setting up joint regional training centres are also being explored. The new training programmes, including the workshops proposed, should assist in bridging the gap in trained personnel. The steps taken so far are, admittedly, far from adequate but the management is constantly seized of the problem.

15. Whether it is deposit mobilisation, customer service or cost control involvement of employees is vital. Both in the field of deposit mobilisation and customer service, involvement of the employees at all levels, has been quite encouraging. Considered in the overall context of industrial relations in the country, the employer-employee relations in the Bank can be said to be generally good. There are encouraging signs of co-operation by the unions in promoting staff involvement in achieving the objectives set before the Bank.

16. After rendering highly meritorious services extending over a period of over thirty seven years, the Bank's Custodian Shri F. K. F. Narman relinquished his office on retirement in July 1970. It would not be exaggeration to refer to Shri Narman as the architect of the Bank. His sagacity and vision in building up Union Bank from a very small bank to its present size and reputation deserves special mention. His tenure was characterised by lofty ideals of clean and dynamic management and happy industrial relations.

17. On Shri Narman's retirement, the Bank's Deputy General Manager, Shri P. F. Gutta was appointed as the Custodian.

18. In August 1970, an interim Board of Directors consisting, besides the Custodian, of Sarvaswami K. H. Parikh, P. K. Sadasnanandan, H. M. Trivedi, D. P. Gupta and P. K. Kaul was constituted.

19. In conclusion the Board express their thanks and appreciation to the Custodian, Executives, Officers, and other Members of Staff but for whose co-operation and efforts these results would not have been possible.

For and on behalf of the Board,

P. F. GUTTA,

Custodian.

BOMBAY, 20th May, 1971.

UNION BANK OF INDIA—(Continued)

BALANCE SHEET AS AT 31st DECEMBER, 1970

31.12.1969 Rs.	CAPITAL AND LIABILITIES	Rs.	P.	31.12.1969 Rs.	PROPERTY AND ASSETS	Rs.	P.	31.12.1969 Rs.	P.
1,25,00,000	1. Capital:— PAID-UP CAPITAL (Wholly owned by the Central Government)	1,25,00,000	00	17,17,08,776	1. Cash:— In hand and with Reserve Bank and State Bank of India (including Foreign Currency Notes)	28,13,88,650	04	17,17,08,776	
1,29,75,000	2. Reserve Fund and Other Reserves	1,33,60,000	00	86,91,634	2. Balances with Other Banks in Current Account:— (i) In India	1,66,05,830	95	86,91,634	
58,56,06,835	3. Deposits and Other Accounts:— Short, Fixed and Cumulative Deposits	66,95,07,710	85	86,41,438	(ii) Outside India	70,48,441	12	86,41,438	
26,76,92,661	Savings Bank Deposits	35,10,74,693	47	1,73,72,972	3. Money at Call and Short Notice	3,00,03,342	46	1,73,72,972	
62,77,94,894	Current Accounts, Contingency Accounts etc.	73,64,47,110	13	13,10,000	4. Investments (at below market value):— (i) Securities of the Central and State Governments and other Trusts Securities	88,67,90,971	01	13,10,000	
119,10,24,280	4. Borrowings from Other Banking Companies, Agents, etc.:— (i) In India (including a sum of Rs. 88,00,000 from the Industrial Development Bank of India)	96,25,000	00	33,67,42,822	(ii) Shares— (a) Preference Shares Fully Paid	6,17,000	00	33,67,42,822	
3,08,17,000	(ii) Outside India	Nil		6,02,184	Partly Paid	Nil		6,02,184	
3,00,17,000	PARTICULARS— (i) Secured— (a) By part of Bank's Investments per contra	7,25,000	00	9,61,810	(b) Ordinary Shares Fully Paid	9,56,994	35	9,61,810	
3,00,000	(b) Under the Industrial Development Bank of India Scheme by part of advances per contra	84,00,000	00	18,05,000	Partly Paid	18,65,000	00	18,05,000	
86,17,000	(ii) Unsecured— (a) Under Export Bills (Credit Scheme of Reserve Bank of India) per contra	Nil		28,26,810	(iii) Debentures	10,11,000	00	28,26,810	
1,95,00,000	(b) From Others	1,00,000	00	10,21,000	(iv) Other Investments	Nil		10,21,000	
25,00,000		1,00,000	00	Nil	(v) Gold	Nil		Nil	
3,00,17,000		96,25,000	00	34,11,92,816	(Part of Investments lodged with other Banks for borrowing and other arrangements)			34,11,92,816	
2,00,05,513	5. Bills Payable	2,06,13,019	35	65,05,38,998	5. Advances:— (Other than bad and doubtful debts for which provision has been made to the satisfaction of the Auditors)			65,05,38,998	
10,87,95,296	6. Bills for Collection Being Bills Receivable as per contra:— (i) Payable in India	15,31,40,431	77	14,14,808	(i) Loans Cash, Credits, Overdrafts, etc. (ii) In India	90,84,18,064	65	14,14,808	
4,07,09,442	(ii) Payable outside India	5,06,60,045	29	65,10,53,536	(In India term advances amounting to Rs. 88,00,000 in respect of which advance has been obtained from the Industrial Development Bank of India per contra)	Nil		65,10,53,536	
14,95,04,738				11,89,06,923	(ii) Outside India	86,94,48,064	65	11,89,06,923	
2,86,81,632	7. Other Liabilities	3,57,07,300	45	0,41,61,941	(ii) Bills Discounted and Purchased (i) Payable in India	14,62,25,375	75	0,41,61,941	
13,84,51,402	8. Acceptances, Endorsements and Other Obligations per contra	16,70,64,169	81	21,30,68,867	(ii) Payable outside India	10,07,72,675	87	21,30,68,867	
32,42,347	9. Profit and Loss Account:— Profit for the year ended 31st December 1970 after provision for taxation but before provision for bonus to Staff	48,73,826	75	86,50,22,673	(Particulars of Advances as per separate Schedule attached)			86,50,22,673	
8,75,000	Less: Transferred to Reserve Fund	9,75,000	00	10,87,05,296	6. Bills Receivable, Being Bills for Collection as per contra:— (i) Payable in India	1,31,40,431	77	10,87,05,296	
15,00,000	Provision for Bonus to Staff	21,50,000	00	4,07,69,442	(ii) Payable outside India	5,06,60,045	29	4,07,69,442	
23,75,000		31,25,000	00	11,96,64,738	7. Constituents' Liabilities for Acceptances, Endorsements and Other Obligations per contra			11,96,64,738	
8,67,848	Balance being amount to be transferred to the Central Government	17,18,826	75	13,84,51,462	8. Premises:— (a) Bank's Premises less Depreciation	29,71,178	97	13,84,51,462	
18,75,000	10. Contingent Liabilities:— (a) On Investments in Shares of Joint Stock Companies	18,75,000	00	27,36,405	At Cost	29,71,178	97	27,36,405	
7,96,894	(b) Claims against the Bank not acknowledged as debts	7,15,538	62	2,35,074	Additions during the year	1,11,266	99	2,35,074	
Nil	(c) Money for which the Bank is contingently liable	Nil		29,71,179	Deductions during the year	30,82,745	96	29,71,179	
26,89,86,041	(d) Liability on account of outstanding Forward Exchange Contracts	18,76,44,868	06	8,04,670	Less: Depreciation written off to date	8,02,445	96	8,04,670	
52,29,529	(e) Liability on Bills of Exchange re-discounted of which Rs. 11,42,407 11 (previous year Rs. 13,48,780) have run off to date	1,01,70,962	64	21,66,800	(b) Other Premises less Depreciation— At Cost	6,25,012	60	21,66,800	
17,35,82,111	(f) Guarantees given on behalf of Customers	16,36,70,248	41	5,70,713	Additions during the year	Nil		5,70,713	
	NOTE:— Provision to the full extent for future gratuities to staff has not been made, the liability for which has not been ascertained.			49,300	Deductions during the year	Nil		49,300	
				6,25,013	Depreciation written off to date	46,672	60	6,25,013	
				Nil				Nil	
				0,25,913				0,25,913	
				34,173				34,173	
				5,90,510				5,90,510	
				27,57,840				27,57,840	
172,43,86,878	Carried forward	223,17,69,256	87	168,74,40,777	Carried forward	219,62,98,636	97	168,74,40,777	

UNION BANK OF INDIA—(Continued)

BALANCE SHEET AS AT 31st DECEMBER, 1970—Contd.

31-12-1969	CAPITAL AND LIABILITIES—(Contd.)				31-12-1969	PROPERTY AND ASSETS—(Contd.)			
Rs.		Rs.	P.	Rs.	P.	Rs.		Rs.	P.
172,43,86,973	Brought over ..			223,17,68,256	87	168,74,40,777		219,52,93,836	97
							P. Safe Deposit Vaults, Furniture and Fixtures		
							Less Depreciation:—		
						22,90,847	Safe Deposit Vaults ..	Rs.	P.
						3,23,003	Additions during the year ..	26,14,250.33	4,05,225.49
						26,14,250	Deductions during the year ..	30,10,475.82	
						Nil		Nil	
						26,14,250		30,10,475.82	
						10,84,516	Less—Depreciation written off to date ..	12,59,496.29	
						15,29,734			17,59,979.63
						1,92,68,378	Office Furniture and Fittings ..	2,46,47,020.63	
						54,58,575	Additions during the year ..	47,66,709.99	
						2,47,26,953	Deductions during the year ..	2,94,12,730.62	
						79,932		04,524.10	
						2,46,47,021	Less Depreciation written off to date ..	2,93,48,206.53	
						85,33,665		1,06,95,817.13	1,86,52,389.30
						1,01,13,353			
						1,70,49,087			2,04,12,368.92
							10. Other Assets:—		
						48,66,361	(i) Interest accrued on Investments ..	54,70,440.06	
						84,45,195	(ii) Tax deducted at source on Interest/Dividend on Investments ..	70,76,157.74	
						37,92,319	(iii) Advance Payments of Tax ..	1,06,606.00	
						24,35,946	(iv) Stock of Printing ..	31,89,177.17	
						1,63,297	(v) Stamps ..	2,10,870.01	
						Nil	(vi) Silver ..	Nil	
						1,93,03,109			1,60,62,250.98
						Nil	11. Non-Banking Assets Acquired in Satisfaction of Claims ..		Nil
172,43,86,973	Total .. Rs.			223,17,68,256	87	172,43,86,973	Total .. Rs.		223,17,68,256

DAMANIA, PANDAY AND BAJAN,

G. D. APTE & CO.,
Chartered AccountantsP. F. GUTTA,
Custodian.L. C. MISTRY,
Deputy General Manager.K. H. PARIKH
P. K. SADANANDAN
H. M. TRIVEDI
D. P. GUPTA
P. K. KAUL

Directors

Profit and Loss Account for the year ended 31st December, 1970

31-12-1969	EXPENDITURE			31-12-1969	INCOME		
Rs.		Rs.	P.	Rs.	(Less provision made during the year for bad and doubtful debts and other usual or necessary provisions)	Rs.	P.
3,65,87,733	1. Interest paid on Deposits, Borrowings, etc.	4,74,10,469.80		7,51,47,540	1. Interest and Discount	10,11,81,118.78	
3,97,13,776	2. Salaries and Allowances and Provident Fund*	5,21,24,771.25		1,73,25,637	2. Commission, Exchange and Brokerage	1,90,81,795.89	
64,543	3. Directors' and Local Committee Members' Fees and Allowances	18,210.23		8,12,763	3. Rents on Buildings	3,22,832.56	
63,40,215	4. Rent, Taxes, Insurance, Lighting, etc.	77,01,486.59		7,79,575	4. Net Profit on Sale of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	5,85,273.25	
1,90,751	5. Law Charges	1,50,709.15		Nil	5. Net Profit on Revaluation of Investments, Gold and Silver, Land, Premises and Other Assets (not credited to Reserves or any particular Fund or Account)	Nil	
20,06,062	6. Postage, Telegrams and Stamps	27,09,964.31		20,84,231	6. Income from Non-Banking Assets, and Profit from Sale of or Dealing with such Assets	Nil	
1,83,900	7. Auditors' Fees--				7. Other Receipts	29,88,463.65	
	To Statutory Auditors (including Branch Audit Fees)	1,05,750.00					
	To Other Auditors for Branch Audits	32,300.00					
		1,38,050.00					
24,74,701	8. Depreciation on and Repairs to the Bank's Property	30,66,671.43					
27,80,004	9. Stationery, Printing, Advertisement, etc.**	35,37,285.89					
Nil	10. Loss from Sale of or Dealing with Non-Banking Assets	Nil					
29,19,123	11. Other Expenditure	29,69,028.75					
31,60,435	12. Balance of Profit subject to provision for Bonus	48,73,828.75					
0,56,49,740	Total .. Rs.	12,47,00,474.13		0,56,49,740	Total .. Rs.	12,47,00,474.13	

NOTES:—

1. The figures for the year 1969 include those for the pre-nationalised period from 1st January, 1969 to 18th July, 1969.

2. * Include Rs. 7,78,100 paid towards Golden Jubilee Bonus to Staff.

3. ** Include expenses on Advertisement amounting to Rs. 3,85,628.72.

4. Particulars of remuneration paid to the immediate past Custodian for the period from 1st January, 1970 to 15th July, 1970.

(i) Salaries Rs. 82,419.35 (Rs. 80,000.00); (ii) Compensation in lieu of leave Rs. 30,000.00 (Nil); (iii) Contribution to Provident Fund Rs. 2,701.50 (Rs. 5,000.00); (iv) Monetary value of other benefits or perquisites Rs. 8,693.88 (Rs. 7,188.89); Total Rs. 93,814.73 (Rs. 92,188.89). (Figures in brackets are for the full year 1969.)

5. Particulars of remuneration paid to the present Custodian for the period from 15th July, 1970 to 31st December, 1970:

(i) Salaries Rs. 10,419.36; (ii) Contribution to Provident Fund Rs. 1,618.20; (iii) Monetary value of other benefits or perquisites Rs. 825.00; Total Rs. 12,862.56.

DAMANIA, PANDAY AND BAJAN,
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Custodian.L. C. MISTRY,
Deputy General Manager.K. H. PARIKH
P. K. SADANANDAN
H. M. TRIVEDI
D. P. GUPTA
P. K. KAUL

Directors

UNION BANK OF INDIA—(Continued)

Schedule of Particulars of Advances required by the Banking Regulation Act, 1949 attached to and forming part of the Balance Sheet as at 31st December, 1970

31.12.1969		Loans and Overdrafts, etc.	Bills Discounted and Purchased	Total Advances	31.12.1969		Loans and Overdrafts, etc.	Bills Discounted and Purchased	Total Advances
Rs		Rs P	Rs P	Rs P	Rs		Rs P	Rs P	Rs P
60.18.83.320	(i) Debts considered good in respect of which the Bank is fully secured	75,32,05,345 68	13,92,41,711 39	89,24,46,657 5		(v) Debts due by Directors or Officers of the Bank or any of them either severally or jointly with any other persons	13,77,809 12	900 00	13,78,709 12
63.0.197	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security	5,31,74,830 48	3,44,36,000 44	8,76,10,830 92	8,44,472	(vi) Debts due by companies or firms in which the Directors of the Bank are interested as Directors, partners or managing agents or, in the case of private companies, as members	Nil	Nil	Nil
10.68.12.366	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	6,20,87,879 31	7,33,20,879 79	13,53,88,559 10	Not Applicable	(vii) Maximum total amount of advances, including temporary advances made at any time during the year to directors or managers or officers of the Bank or any of them either severally or jointly with any other persons	13,78,912 12	900 00	13,79,812 12
Nil	(iv) Debts considered doubtful or bad, not provided for	Nil	Nil	Nil	8,45,095	(viii) Maximum total amount of advances, including temporary advances granted during the year to the companies or firms in which the directors of the Bank are interested as directors, partners or managing agents or, in the case of private companies, as members	Nil	Nil	Nil
80.50.22.873		89,84,48,064 65	24,69,98,051 02	114,54,46,116 27	42,98,100	(ix) Due from Banking Companies	8,62,032 08	1,89,821 67	10,51,853 75

DAMANIA, PANDAY AND BAJAN,
G D APIE & CO.,
(Chartered Accountants)

F F GUPTA,
Custodian
I. C. MISHRA,
Deputy General Manager

K H PARIKH
P K SADANANDAN
H M TRIVEDI
D P GUPTA
P K KAUL
} Directors.

AUDITORS' REPORT

To
THE PRESIDENT OF INDIA

1 We have audited the foregoing Balance Sheet of Union Bank of India as at 31st December 1970 and also the foregoing Profit and Loss Account of the Bank for the year ended upon that date which are incorporated in the returns of 102 Branches audited by us, 68 branches audited by other auditors and the unaudited returns in respect of 215 Branches not visited by us, for the exclusion of which Branches from audit, concurrence of the Reserve Bank of India was obtained.

The Balance Sheet and the Profit and Loss Account have been drawn up in Forms 'A' and 'B' respectively of the Third Schedule to the Banking Regulation Act, 1949. Accordingly, they disclose such matters as were required to be disclosed in the case of banking companies prior to nationalisation by virtue of the provisions of the said Act as read with the related provisions of the Companies Act 1956 subject to the limitations of such disclosure and on the basis of the audit indicated in the first paragraph we report that—

(a) in our opinion and to the best of our information and according to the explanations given to us and as shown by the books of the Bank

(i) the Balance Sheet read with the Note thereon is a full and fair Balance Sheet containing the necessary particulars and it is properly drawn up so as to exhibit a true and fair view of the affairs of the Bank as at 31st December, 1970

(ii) the Profit and Loss Account read with the Notes thereon shows a true balance of profit for the year ended upon that date.

(b) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory;

(c) the transactions of the Bank which have come to our notice have been within the powers of the Bank.

(d) the returns received from the branches of the Bank have been found adequate for the purposes of our audit.

DAMANIA, PANDAY AND BAJAN,
G D APIE & CO.,
(Chartered Accountants).

BOMBAY, 20th May 1971

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Editor: Rohit Dave

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BALANCE SHEETS

EXPANSION CONTINUES

Century's performance encouraging

THE Century Spinning and Manufacturing Company Ltd (Chairman: Mr R. D. Birla, Bombay) had an excellent performance for the year ended December 31, 1970. Sales rose to Rs 52.6 crores from Rs 48.4 crores in the previous year. The gross profit was Rs 14.5 crores (Rs 12.5 crores). The net profit, after depreciation and taxation, amounted to Rs 4.6 crores (Rs 4.4 crores). The ordinary dividend has been stepped up by 5 per cent to 45 per cent.

The company's gross profit margin works out to 27.6 per cent against 25.9 per cent. The ratio of net profit to net worth comes to 21.1 per cent (23.8 per cent).

During the year under report the cost of raw materials was higher than that of the earlier year. Wage bill too went up. Exports of cloth for the year amounted to Rs 1.56 crores (Rs 1.18 crores). The production was maintained in the textile division.

The working of the rayon plant was satisfactory. Continuous modifications and improvements to the machinery and equipment are being effected to improve still

the Government for expanding the weaving capacity of tyre cord fabrics from 50 per cent to 75 per cent and it is taking steps to implement the same.

In the caustic soda plant, the offtake of the by-products—hydrochloric acid and chlorine—has further improved in the year under report. There was considerable progress in the working of the salt plant both in regard to quality and quantity. It is the intention of the company to acquire an additional 576 acres of land adjoining the existing salt works and necessary application for this has been made to the Central Government.

In the year under review, exports of rayon yarn and tyre cord amounted to Rs 1.65 crores. The tyre cord manufactured by the company has been exported even to highly industrialised countries, such as, Australia, Holland, Italy, Austria and Poland.

The renovation programme of the textile mills is in progress. During the year, 60 auto looms, nine ring frames and other ancillary machinery have been replaced. As many as 204 looms and 42 ring frames are being replaced in the current year.

The cement project of the company is progressing well and it is expected to go on stream in two years' time. The UP Government has approved in principle the company's proposal to manufacture 30,000 tons each of chemical pulp and paper. The company is exploring the possibilities of starting joint ventures outside India. Negotiations are going on for a joint venture in Indonesia for a composite textile mill. □

Goodlass Nerolac

GOODLASS Nerolac Paints Ltd (Chairman: Mr F. H. Kemple, Bombay) had higher sales for the year ended December 31, 1970 at Rs 6.2 crores against Rs 5.4 crores in the previous year. The gross profit was Rs 61 lakhs (Rs 53 lakhs). The net profit, after depreciation and taxation, amounted to Rs 19 lakhs (Rs 14 lakhs). The dividend has been maintained at 12 per cent.

The company's gross profit margin works out to 9.8 per cent as in the previous year. The ratio of net profit to net worth comes to 10.1 per cent (7.9 per cent).

During the year under review, the company has done well in spite of continued competitive conditions in the paints industry. Exports for the year amounted to Rs 14.4 lakhs (Rs 10.2 lakhs). The construction of the pigment factory at the new site at Kavesar and also the expansion of the paint production in Ferguson Road are nearing completion. But full production from the increased facilities at both sites has been delayed by three to four months due to some unavoidable reasons.

In the year under review, the paint industry continued to experience shortages of raw materials and faced soaring prices

of locally available raw materials. The company's turnover for the first four months

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	636.23	524.90	484.05	426.36
Sales including excise duty	628.45	539.83	470.27	414.17
Other income	0.48	0.36	0.1	0.26
Stock adjustment (of finished goods)	+12.35	-15.29	+13.57	+11.33
Opening	64.21	69.50	55.93	44.00
Closing	66.56	54.21	69.50	58.93
Total expenses	575.17	472.28	454.14	398.82
Materials and stores	313.97	277.56	273.16	238.69
Salaries and wages	82.40	70.84	63.21	59.94
Excise duty	43.66	37.11	41.03	32.81
Other expenses	105.14	86.72	76.64	75.34
Gross profit	61.06	52.67	29.91	27.54
Depreciation	5.47	4.98	3.30	3.01
Managing agency remuneration	1.00	4.01	8.05	2.84
Profit before tax	54.59	43.68	23.56	21.69
Taxation	35.50	29.65	19.65	20.06
Profit after tax	18.91	13.83	8.91	1.63
Write-backs	2.61	0.05	0.02	0.02
Items of prior years	+4.02	+5.00	+8.24	+9.67
Development rebate	0.79	10.47	0.45	0.80
Other reserves	11.34	10.17	3.86	4.04
Ordinary dividend	10.80	10.80	8.40	6.48
	(12%)	(12%)	(10%)	(10%)
Market prices of ordinary shares (in rupees):				
High	182.00	100.00	102.50	..
Low	99.50	88.00	96.00	..

of the current year has shown an improvement over the corresponding period in the previous year. □

Hindusthan Mercantile Bank

THE gross income of Hindusthan Mercantile Bank Ltd (Chairman: Mr Srinarain Mehrotra, Calcutta) for the year ended December 31, 1970 amounted to

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Gross income	23.85	21.41	20.06	19.48
Interest and discount earned	18.50	15.03	15.89	15.28
Commission and exchange	4.94	4.39	4.44	4.12
Other income	0.32	1.09	0.33	0.08
Total expenditure	23.64	21.08	20.44	19.33
Interest paid	5.26	4.08	4.60	4.84
Staff expenses	16.38	14.01	13.64	12.56
Other expenses	2.02	2.04	1.91	1.83
Depreciation	0.14	0.11	0.11	0.11
Profit	0.07	0.27	0.11	0.04
Treasury	0.14	0.16	0.06	0.05
Provision for income tax	..	0.03	..	..
Carry forward	0.12	0.19	0.11	0.05

As on 31st December

	1970	1969	1968	1967
Paid-up Capital	50.00	50.00	50.00	50.00
Reserves	5.60	5.46	5.30	5.25
Deposits	2,67.09	2,24.39	2,19.00	2,15.24
Advances	1,68.18	1,38.01	1,51.12	1,41.94
Investments	69.10	42.66	47.38	48.15
Cash	77.08	100.85	77.87	87.35
Balance-sheet total	3,69.14	3,37.84	3,23.50	3,69.33
Ratio to deposits of:				
Advances	65.4%	61.5%	69.0%	65.9%
Investments	25.0%	19.4%	21.6%	22.4%
Cash	30.0%	44.7%	35.4%	40.6%

Rs 23.85 lakhs against Rs 21.41 lakhs in the previous year. The profit for the year was Rs 6,763 (Rs 27,091).

Deposits of the bank increased to Rs 2.57 crores from Rs 2.24 crores.

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	54,05.52	40,04.08	35,03.19	30,37.49
Sales including excise duty	52,62.37	48,28.72	45,23.30	38,57.91
Other income	119.70	74.77	41.10	63.32
Stock adjustment (of finished goods)	-4.23.39	-8.81	-61.27	-416.26
Opening	281.06	290.77	352.04	335.78
Closing	305.35	281.06	290.77	352.04
Total expenses	30,51.00	30,51.80	34,43.13	30,39.26
Materials and stores	17,40.49	15,94.54	15,15.84	13,70.91
Salaries and wages	869.62	800.48	760.73	682.90
Excise duty etc	680.19	661.05	617.11	501.83
Other expenses	668.70	586.82	543.45	483.62
Gross profit	14,54.52	12,52.70	10,60.06	894.23
Depreciation	288.01	330.52	381.47	259.94
Managing agency remuneration	..	10.02	28.71	27.08
Profit before tax	11,65.91	894.25	649.88	611.21
Taxation	706.00	460.00	330.00	260.00
Profit after tax	459.91	444.25	319.88	351.21
Write-backs	30.60	17.35	1.80	1.83
Development rebate	16.00	48.00	30.00	122.89
Other reserves	301.96	263.80	142.89	100.56
Dividends:				
Preference	12.85	12.85	12.85	12.85
Ordinary	150.70	141.65	130.04	118.72
	(45%)	(40%)	(40%)	(37%)
Market prices of ordinary shares (in rupees):				
High	950.00	780.00	672.00	695.00
Low	697.00	610.00	475.00	490.00
				X.R.

further the efficiency and economics of the plant. There was sharp rise in the cost of production. The production of rayon yarn was slightly curtailed for want of pulp. The company is making efforts to get adequate allotment of pulp from the Government.

The working of the tyre cord plant continued to be up to the mark and the quality of the yarn manufactured by the company had good reputation in domestic and foreign markets. But the offtake in the home market is still below expectation. The company has obtained permission from

Advances rose to Rs 1.68 crores from Rs 1.38 crores. Investments were higher at Rs 69.10 lakhs (Rs 42.66 lakhs). The ratio of advances to deposits was higher at 65.4 per cent (61.5 per cent) and that of investments to deposits was also higher at 26.9 per cent (19 per cent). On the other hand, the ratio of cash to deposits was lower at 30 per cent (44.7 per cent). □

Mahendra Electricals

Sales of Mahendra Electricals Ltd, Nadiad, for the year ended December 31, 1970 have slightly declined to Rs 1.10 crores from Rs 1.12 crores in the previous year. The net profit, after providing Rs 4.43 lakhs (Rs 4.62 lakhs) for depreciation and Rs 11.20 lakhs (Rs 12.20 lakhs) for taxation, amounted to Rs 13.51 lakhs (Rs 11.78 lakhs). The dividend has been maintained at 9 per cent. The general reserve got Rs 10.20 lakhs (Rs 11.30 lakhs).

Ultramarine and Pigments

Sales of Ultramarine and Pigments Ltd, Bombay, for the year ended December 31, 1970, have increased to Rs 94.51 lakhs from Rs 84.09 lakhs in the previous year. The net profit, after providing Rs 4.43 lakhs (Rs 3.27 lakhs) for depreciation and Rs 19.56 lakhs (Rs 19.89 lakhs) for taxation, amounted to Rs 17.56 lakhs (Rs 13.07 lakhs). The dividend has been pruned to 16 per cent from 18 per cent. The development rebate absorbed Rs 1.61 lakhs (Rs 1.17 lakhs) and the general reserve Rs 13.84 lakhs (Rs 10.11 lakhs). An amount of Rs 6.62 lakhs (nil) has been transferred to the special reserve. In the past two years, the company has spent nearly Rs 17 lakhs on fixed assets for increasing the manufacturing capacity.

Adarsh Chemicals and Fertilizers

Sales of Adarsh Chemicals and Fertilizers Ltd, Udhna, Surat, for the year ended December 31, 1970 have increased to Rs 136.47 lakhs from Rs 95.98 lakhs in the previous year. The net profit, after providing Rs 6.81 lakhs (Rs 5.83 lakhs) for depreciation, amounted to Rs 9.37 lakhs (loss of Rs 67,747). The dividend for the year was 10 per cent on the ordinary shares. An amount of Rs 5.39 lakhs has been transferred to the taxation reserve and Rs 2.60 lakhs to the general reserve. The company proposes to issue bonus shares in the ratio of two bonus shares for every five shares held. The issue is subject to the approval of the Government. The Government has approved the foreign technical collaboration for the manufacture of maleic anhydride. A part of the funds required will be financed by right issue. The authorised capital of the company is proposed to be raised for this purpose.

Jagatjit Industries

Sales of Jagatjit Industries Ltd, Kapurthala, for the year ended December 31, 1970 have increased to Rs 4.68 crores from Rs 3.61 crores in the previous year. The net profit, after providing Rs 8.64 lakhs (Rs 6.85 lakhs) for depreciation and Rs 24.37 lakhs (Rs 28.20 lakhs) for taxation, amounted to Rs 21.19 lakhs (Rs 22.15 lakhs). The ordinary dividend has been maintained at 12 per cent payable on the increased capital. In the year under review, the

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ordinary subscribed capital of the company was raised to Rs 63.10 lakhs from Rs 32.95 lakhs. The development rebate reserve absorbed Rs 2.05 lakhs (Rs 1.70 lakhs) while the general reserve got Rs 18.68 lakhs (Rs 20.87 lakhs).

Albright, Morarji and Pandit

Sale of products and processing charges of Albright, Morarji and Pandit Ltd, Bombay, for the year ended October 31, 1970 have nearly doubled to Rs 3.05 crores from Rs 1.75 crores in the previous year. The net profit, after providing Rs 23.92 lakhs (Rs 23.73 lakhs) for depreciation, amounted to Rs 80.16 lakhs (Rs 22.01 lakhs). The company has declared a maiden dividend of 12 per cent for the year under review. The general reserve got Rs 50.81 lakhs (Rs 18.81 lakhs). The development rebate reserve absorbed Rs 29.55 lakhs (nil). All the detergent manufacturers have been obtaining their full requirements of sodium tripolyphosphate from the company with the result that the sodium tripolyphosphate plant operated throughout the year

at a satisfactory level. With the improvement in sales and better generation of cash, the company has repaid the entire public deposits of Rs 23.32 lakhs outstanding as on October 31, 1969, in addition to meeting the instalments of medium-term loans amounting to Rs 16.07 lakhs.

Gujarat Steel Tubes

Sales of Gujarat Steel Tubes Ltd, Ahmedabad, for the year ended December 31, 1970 have increased to Rs 4.17 crores from Rs 3.77 crores in the previous year. The net profit, after providing Rs 12.60 lakhs (Rs 9.54 lakhs) for depreciation and Rs 36.03 lakhs (Rs 37.75 lakhs) for taxation, amounted to Rs 36.03 lakhs (Rs 28.31 lakhs). The dividend was 10 per cent (10 per cent) payable on the increased capital of Rs 1.2 crores. During the year under review, the ordinary share capital of the company was increased from Rs 1 crore to Rs 1.2 crores by the issue of bonus shares. An amount of Rs 3.70 lakhs (Rs 0.50 lakh) was transferred to the development rebate reserve. The general

reserve got Rs 32.33 lakhs (Rs 32.81 lakhs). Exports for the year was Rs 1.04 crores (Rs 1.78 crores).

Preliminaries

Bharat Commerce

Sales of Bharat Commerce and Industries Ltd, Calcutta, for the year ended December 31, 1970, have increased to Rs 19.17 crores from Rs 16.94 crores in the previous year. The net profit, after providing Rs 54.03 lakhs (Rs 49.22 lakhs) for depreciation, Rs 26.74 lakhs (nil) for gratuity and Rs 37 lakhs (Rs 35 lakhs) for taxation, amounted to Rs 36.19 lakhs (Rs 43.63 lakhs). The ordinary dividend for the year was 12 per cent (15 per cent) payable on the higher capital of Rs 1.5 crores. In the year under review, ordinary paid-up capital of the company was raised from Rs 100 lakhs to Rs 150 lakhs by issue of bonus shares in the ratio of 1:2. An amount of Rs 4 lakhs (Rs 2.60 lakhs) has been transferred to the development rebate reserve. The allocation to the general reserve was Rs 32.99 lakhs (Rs 41.03 lakhs).

Aditya Mills

Aditya Mills Ltd, Calcutta, has earned a higher net profit of Rs 12.45 lakhs for the year ended December 31, 1970 against Rs 11.18 lakhs in the previous year, after providing Rs 11.08 lakhs (Rs 10.49 lakhs) for depreciation. The ordinary dividend has been maintained at 7½ per cent. An amount of Rs 10 lakhs (Rs 5.75 lakhs) has been transferred to the development rebate reserve. In the year under review, the total production value increased to Rs 3.56 crores from Rs 2.99 crores in the previous year. The mill is gradually going in for increased production of synthetic and blended yarns.

Enfield India

Sales turnover of the Enfield India Ltd, Madras, for the year ended December 31, 1970 have increased to Rs 6.14 crores from Rs 5.71 crores in the previous year. The profit before depreciation was Rs 40.40 lakhs (Rs 35.69 lakhs). The depreciation absorbed Rs 20.27 lakhs (Rs 16.42 lakhs). The general reserve got Rs 9 lakhs (Rs 4.5 lakhs). An amount of Rs 3.10 lakhs (Rs 6.18 lakhs) has been transferred to the development rebate reserve. The ordinary dividend was maintained at 10 per cent. The company has decided to expand its production from the present 12,800 units of motor cycles to 30,000 units per annum. It hopes to secure a loan of Rs 30 lakhs from the Industrial Finance Corporation.

Elecon Engineering

The turnover of Elecon Engineering Co Ltd, Vallabh Vidyanagar, Gujarat, for the year ended December 31, 1970 has crossed Rs 3 crores. The net profit, after providing Rs 14.34 lakhs (Rs 14.50 lakhs) for depreciation and Rs 8.63 lakhs (Rs 6.85 lakhs) for taxation, amounted to Rs 8.08 lakhs (Rs 8.75 lakhs). The ordinary dividend has been stepped up to 9 per cent from 6 per cent. The development rebate reserve got Rs 1.50 lakhs (Rs 3.58 lakhs).

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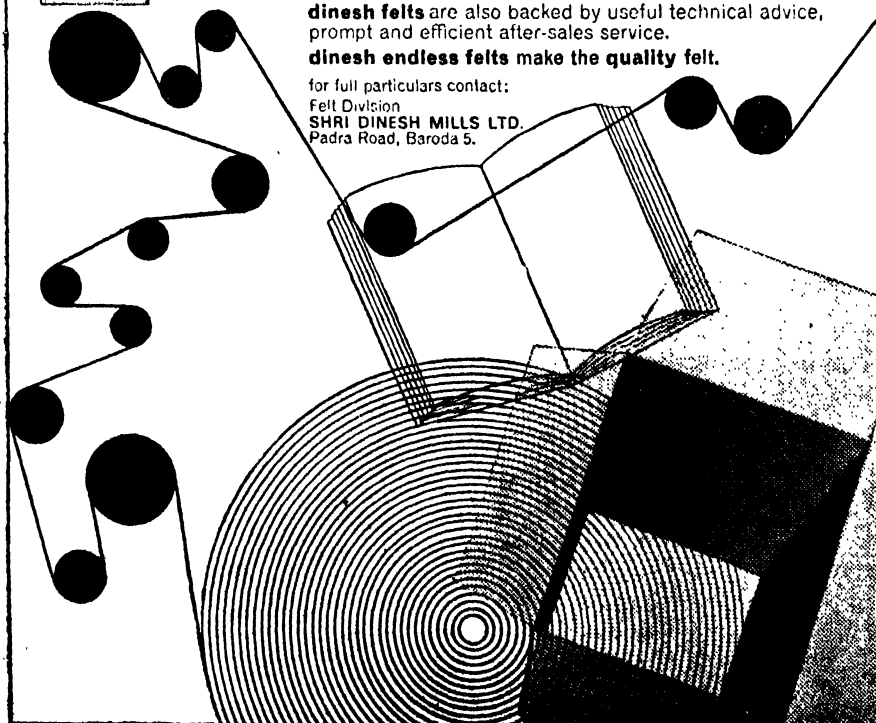
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EQUITIES

Investors apathetic

BOMBAY, June 2

ACTIVITY on the stock market declined noticeably during the week. Maybe values did not fall sharply, but investors were just not interested in supporting the market. It looked as though the Budget left the market rather disillusioned and the consensus was that it would kill whatever incentive that was there to invest in joint-stock shares. Price movements were narrow and the volume of trading was about moderate.

The merits or demerits of the Budget apart, the proposals increasing the surcharge on corporation tax and making the wealth tax burden even stiffer than now have not been liked by professional investors. The increase in the excise duties on several consumer goods as also the rise in the incidence of income-tax, small though it is, have hurt the middle classes—in other words the small investor.

Besides these is the recurring threat to impose a ceiling on urban property holdings. This is likely to affect building activity in the cities but one must not forget that the entrepreneurs in this section are supporting a large number of industries. Cement, timber, steel, hardware and a number of allied industries will suffer from a decline in building activity. The situation following the large influx of East Bengalis has caused not a little apprehension.

The apathy of the investors has been reflected in the decline in the rates of premiums which some of the new issues had been fetching before the Budget. There has been no fresh support either to cash shares. A silver lining however has been the hope that the flow of bonus issues would be maintained. It is true that the residual reserve after a bonus issue is now raised from 20 per cent to 33-1/3 per cent but reliable reports indicate that the base for computing the residual reserves has been enlarged simultaneously. Development rebate, moreover, will be included in this reserve.

Section-wise, there was nothing which merited special attention. But a welcome feature has been the optimistic reckoning in respect of pharmaceutical shares. During the first five months of the current year, sales of Sandoz pharmaceutical products are up by 15 per cent and those of its agro-chemicals by 50 per cent. In the same five months, Pfizer has bettered its sales by 16 per cent and expects to pay two more interim dividends before the final dividend for 1971. There are also hopes of the Pfizer bonus proposal going through. In these circumstances a shift in investor-interest, from, say, textiles to pharmaceuticals seems likely.

The future of textile shares seems rather bleak although units which have diversified interests will more than make both ends meet. Century was comparatively well maintained owing to what was described as speculative support. Standard attracted scattered attention but buyers held back their support to Kohinoor. □

THE WEEK'S PRICE RANGE

	Closing quotations 26-5-1971	High	Low	Closing quotations 2-6-1971		Closing quotations 26-5-1971	High	Low	Closing quotations 2-6-1971
FORWARD					Miscellaneous				
Textiles					Rs.				
Ahm. Advance (100)	221.50**	231.50	220.00	220.00**	Bombay Barmah (25)	46.25**	46.50	45.50	46.00**
Bombay Dyeing (25)	37.75**	38.25	37.00	37.50**	Hindustan Motors	12.36**	12.36	12.20	12.24**
Central India (50)	41.00**	43.00	41.00	43.00**	(10)	14.50**	3.80**	3.80	3.78**
Century (100)	880.00**	886.00	865.00	865.00**	Indian Copper (2 sh.)	3.78**	3.80	3.80	3.78**
Dawn (50)	88.00**	—	—	88.00**	Premier Automobiles	54.50**	56.00	52.50	52.50**
Elphinstone (50)	23.00**	23.00	22.00	22.00**	(100)	55.50**	125.00	120.00	122.00**
Finlay (100)	162.00**	162.00	160.00	160.00**	Pre. Construction	125.00**	125.00	120.00	122.00**
Gokak (100)	157.00**	—	—	157.00**	(50)	6.78**	—	—	6.78**
Gwalior Rayon (10)	39.50**	40.00	38.25	39.50**	Shivrajpur (10)	14.00**	13.00	12.24	12.36**
India United Orl. (10)	1.20**	1.25	1.24	1.20**	Sirpur Paper (10)	11.24**	72.50	70.00	71.00**
Khatana (100)	159.00**	159.00	155.00	155.00**	Tata Oil (25)	71.20**	215.00	215.00	216.00**
Kohinoor (100)	231.00**	235.00	225.00	225.00**	W. Coast Paper (100)	170.50**	162.50	161.00	162.50**
Morjee (100)	276.00**	284.00	275.00	275.00**	Winnor (100)	161.50**	167.00**	167.00**	167.00**
National Rayon (100)	525.00**	525.00	488.00	488.00**	CASH				
Phoenix (10)	70.00**	—	—	70.00**	Textiles				
Podar (10)	10.00**	—	—	10.00**	Baroda Rayon (100)	118.00	119.50	117.00	119.50
Shreeinwas (100)	126.00**	—	—	126.00**	Bradbury (50)	47.00	345.00	330.00	332.50
Simplex (50)	102.00**	102.00	100.50	102.00**	Century Enka (100)	340.00	79.00	74.00	74.00
Standard (100)	680.00**	680.00	657.50	657.50**	Gold Mohur (100)	135.50	81.50	81.50	81.50
Svadeshi (100)	154.00**	140.00	131.50	131.50**	Indian Rayon (100)	75.00	392.50	382.50	382.50
Swan (100)	135.00**	135.00	134.00	134.00**	Lakshmi-Vishnu (100)	81.50	10.08	10.08	10.08
Tata Mills (25)	34.50**	29.00	28.00	28.00**	Modella Woolen (10)	387.50	—	—	—
Electric					Raghunath (100)	92.50	—	—	92.50
Ahmedabad (100)	100.50**	100.75	100.25	100.75**	Raymond Woolen	149.00**	—	—	20.00
Andhra Valley (100)	149.00**	147.00	146.00	146.00**	(10)	20.00	—	—	84.00
B. Suburban (100)	120.50**	121.50	120.50	121.50**	Shree Ram (100)	84.00	180.00	177.00	178.00
Tata Hydro (100)	147.50**	147.00	140.00	140.00**	S. I. Viscose (100)	179.00	188.75	176.50	176.50
Tata Power (100)	141.75**	148.00	146.00	141.75**	Western India (250)	188.75	188.75	176.50	176.50
Steel					Insurance				
Indian Iron (10)	12.00**	12.08	11.72	11.80**	British India (10)	17.24	—	—	17.24
Mukand (10)	19.24**	20.24	18.56	18.56**	Indian Mercantile	77.00	—	—	77.00
Tata Steel (75)	103.75**	105.00	102.74	103.75**	(50)	77.00	—	—	77.00
Engineering					New Great (25)	39.50	44.00	10.50	40.50
Alcock (100)	44.50**	—	—	44.50**	New India (15)	40.00	—	—	40.00
Cooper (100)	58.00**	58.50	58.00	58.50**	Vulcan (10)	15.12	—	—	15.12
Larsen & Toubro (10)	24.00**	24.76	23.76	24.00**	Electric				
Tata Eng. & Loco	243.50**	245.50	235.00	235.00**	Amalgamated (10)	10.04	—	—	10.04
SLM-Manekial (100)	272.50**	280.00	271.25	271.25**	Burat (100)	120.50	—	—	120.50
Volta (100)	234.00**	230.50	215.00	215.00**	Cement				
Dyes & Chem.					Mysore Cement (10)	17.40	17.40	17.00	17.12
Amar Dye-Chem.	220.00**	222.50	217.50	217.50**	Saurashtra Cement	180.00	181.25	178.75	180.00
(100)	207.50**	—	—	207.50**	Paper				
Indian Dyestuff (100)	317.50**	324.00	310.00	310.00**	Andhra Paper	136.00	—	—	136.00
Polychem (50)	138.00**	140.00	135.00	135.00**	(100) old	—	—	—	—
Tata Chemicals (10)	80.25**	82.00	80.25	80.25**	Anil Hardboards	72.50	74.00	70.00	72.50
Shipping					(100)	120.00	120.00	116.25	116.25
Great Eastern (10)	30.50**	40.50	36.00	36.25**	Jayant Paper (100)	117.00	—	—	117.00
Scindia (20)	25.50**	22.00	20.60	20.60**	Rohit (100)	—	—	—	—
Cement					Steel Metals				
A.C.C. (100)	153.75**	185.00	131.75	131.75**	Alloys	—	—	—	—
Orissa (10)	18.20**	18.28	18.00	18.00**	Ferro Alloys (100)	103.00	104.00	101.00	104.00
Shree Digvijay (100)	158.00**	—	—	158.00**	Hind Aluminum (10)	35.25	36.50	34.75	34.75
Sugar					Khandulwal Ferro	150.00	151.50	149.00	150.50
Belapur (50)	81.50**	84.50	78.50	78.50**	Engineering				
Maharashtra (50)	136.00**	—	—	136.00**	Associated Bearings	295.00	297.00	287.00	288.00
Phaltan (50)	71.00**	75.00	70.00	70.00**	(100)	80.50	120.00	118.75	120.00
Walchandnagar (100)	108.00**	87.00	85.00	85.00**	Hind Tractors (100)	120.00	120.00	118.75	120.00
Chemicals					Jyoti (100)	120.00	120.00	118.75	120.00
Bayer (India) (100)	263.00	269.00	252.00	252.00	Kirloskar Oils (10)	15.00	10.00	14.12	14.12
Chem. & Fibres (10)	43.50	45.00	44.00	44.00	Mahindra (10)	14.24	14.24	14.00	14.00
Colour-Chem. (100)	267.50	270.00	263.75	263.75	New Standard (100)	103.00	104.00	103.00	104.00
Nat. Organic (100)	238.00	243.00	226.00	226.00	Sandvik Asia (100)	299.50	299.50	287.00	288.00
Pfizer (10)	36.25	37.50	36.25	36.25	T. Manekial (100)	592.50	592.50	585.00	585.00
Polyethylene Ind. (100)	248.00	253.00	239.00	239.00	Zenith Steel (10)	19.00	19.24	18.52	18.76
Sandoz (10)	19.00	19.00	17.50	17.50	Cables & Elec.				
Synthetics (100)	189.00	190.00	179.50	182.00	Asian Cables (100)	79.00	79.00	78.00	78.00
Miscellaneous					Crompton Greaves	215.00	217.50	211.25	212.50
Camphor & Allied	240.00	238.75	238.00	238.00	Mahendra Elec. (100)	119.00	—	—	119.00
(100)	261.25	270.00	255.00	255.00	Standard Batteries	212.50	—	—	212.50
Coat Tyres (100)	15.76	16.24	15.52	15.52	Chemicals				
Garnum India (10)	4.96	5.36	5.12	5.12	Bayer (India) (100)	263.00	269.00	252.00	252.00
Killick Nixon (100)	95.00	—	—	—	Chem. & Fibres (10)	43.50	45.00	44.00	44.00
Motor Industries (100)	440.00	450.00	432.50	432.50	Colour-Chem. (100)	267.50	270.00	263.75	263.75
P. Magnets (100)	157.50	170.00	157.50	157.50	Nat. Organic (100)	238.00	243.00	226.00	226.00
W. H. Brady (150)	150.00	—	—	—	Pfizer (10)	36.25	37.50	36.25	36.25

* Ex-dividend. † Cum-right. ‡ Ex-right. ** Business for Hand Delivery. †† Squaring up deals.
Note: Figures within brackets indicate the paid-up value of shares.
Wherever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

COMMODITIES

Marked recovery in spot cotton

BOMBAY, June 2

A marked recovery in cotton prices was noticed during the past week following the revival of buying interest from the mills, which have been helped to some extent, in finding funds through the introduction of the bill market scheme. This apart, the rather prolonged absence from the market has induced quite a few spinners to effect fairly sizable deals, now that they have resumed purchases.

The price rise ranged from Rs 100 to Rs 400 per candy depending on the quality of the cotton that is offered. Reports from upcountry centres indicated that although the monsoon has started in right earnest in most of the cotton growing centres, the farmers have not undertaken sowing operations in right earnest pending further showers.

The following has been the trend of prices of some of the leading varieties:

	(Rs per candy)	For the week ended June 2	For the week ended May 26
Khandesh ..	..	2,300	2,100
Bera AK ..	..	2,200	1,800
Digvijay Dabhoi ..	..	3,201	3,025
Berar L 147 ..	..	2,600	2,400
Manavadar CO 2 ..	..	2,875	2,600

In the foreign section interest was mainly centred round good lots of American cotton. The issuance of tenders by the Cotton Corporation

of India has evoked encouraging response from the trade. According to private sources, the actual arrivals of foreign cotton this season as at the end of April have been placed at 4,89,193 bales, comprising 161,661 bales of American, 133,363 bales of Sudanese, 103,930 bales of Egyptian, 58,843 bales of African, 16,538 bales of Peruvian, 3,925 bales of Abyan and 476 bales of "other" cottons. This compares with 5.23 lakh bales of cotton imported by the end of April last year. This indicates that the pace of cotton imports had picked up considerably of late.

ART SILK YARNS EASY

BOMBAY, June 2

An easier trend in the prices of art silk yarns characterised trading in the yarns market during the past week. The Budget proposals had little effect on the prices as the Finance Minister had spared various types of yarns from levies. There is no increase or change in excise levies on yarns. The 100 per cent duty on the import of staple fibre did not produce any immediate impact on the prices. However, it was stated that it would affect the sentiment later. Art silk yarns lost ground due to stock liquidation and improved arrivals. Staple fibre yarns were neglected. Cotton yarns were listless.

In the art silk yarns section, 150D National Rayon declined by 30 paise to Rs 17.69. 120D receded by 37 paise to Rs 19.34. 150D Bright Century eased by 49 paise to Rs 17.50. 120D lost 49 paise to Rs 19.22. 100D Bright South India was neglected at last week's level of Rs 23.02. Staple fibre yarns (2 x 34 nF) spot Kiran was listless at Rs 11.24.

JUTE GOODS DECLINE

CALCUTTA, June 1

There was a sigh of relief in the jute goods market when the Budget was announced. The excise duty on jute goods was left untouched. At the same time, it was noted that costs would rise as a result of the increased import duty on plant and machinery and mills' stores. The rise in freight rates would boost mills' costs. It was disappointing that the Budget contained no incentives for boosting the export of jute goods. The minimum that is necessary, according to market circles, is the complete abolition of export duty.

In the past week, foreign inquiries were affected in the expectation of cancellation of export duties. At the same time business was done with the USSR, the US, Argentina, and Africa. The inquiries from the UAR did not materialise. The expectation of a rise in the excise duty on jute goods had revived internal buying earlier and a sizable quantity of D. W. flours was bought on government account. Non-official agencies also accounted for good business in sacking. As the week progressed, the bullishness was neutralised by profit-taking, and B. twills closed at Rs 260 against Rs 264.50 earlier in the week. Hessian 40" 10 oz finished at Rs 98 showing a loss of one rupee.

Raw jute prices remained unchanged, with Assam bottoms quoting at Rs 61 per maund; Daissee bottoms Rs 62.50, and northern bottoms at Rs 59. Mills were keen buyers.

OILSEEDS SUBDUED

BOMBAY, June 2

With the early onset of the monsoon and lack of support from vanaspathi interests, the trend in the oilseeds market was rather subdued.

Sentiment was also affected by the ban imposed on the export of rape and mustard oil until March 1972. Export of seeds has been subjected to a system of restricted ceiling. In consequence, upcountry operators liquidated their positions while replacement support was not forthcoming. The undertone was distinctly subdued.

East European countries showed some interest in groundnut extractions for September/October positions at around Rs 540 on f.o.b. basis. Inquiries from the UK were limited. July/August positions were quoted at £42.50 per tonne c.i.f. while higher rates were offered for distant positions.

Japanese buyers were active with about 40,000 tonnes to their credit for March/October positions. Export business in castor oil was virtually at a standstill. Only about 250 tonnes

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were said to be outstanding in respect of Czechoslovakia.

Comparative prices in rupees were:

Item	26-5-1971	2-6-1971
Castor June ..	133.00	131.00
Castor September ..	134.50	132.12
Linseeds July ..	165.75	161.50
G. Nuts Khandesh ..	186.00	193.00
G. Nut oil ..	41.75	41.40
Castor Madras Small ..	131.00	130.00
Castor Comm. oil ..	28.25	28.25
Castor B.S.S. oil ..	31.00	31.00
Linseeds Bold ..	161.00	158.00
Linseed oil ..	35.25	35.50

TEA RECEDES

CALCUTTA, June 1

The slow arrivals of tea continue to cause concern and unless more wagons are allotted, the financial strain on the tea industry would become severe. A particular feature of the past week's leaf sale was the decline in the prices of Darjeeling teas. Although there was a fall in quality, the depression could not be solely ascribed to this factor alone. Against this background, the trade was glad to note that the Tea Board was investigating complaints of re-exports of Indian tea to the West European countries. It had been represented that countries which pay in rupees were figuring in re-exports. The season's first consignment of tea to the UK left last week, and this included a small portion of pallets.

Leaf on offer at Sale No. 8 held on the May 24 totalled 23,590 chests, of which the new season's teas were 22,513 chests. Support was generally poor, and prices eased. All teas, including whole leaf grades, CTCs, orthodox broken and fannings, shared the general trend and eased. Darjeelings also declined.

Dusts on offer at the internal consumption sale totalled 3,684 packages, including 1,272 chests of old teas. There was good support, with CTCs recording an irregular trend following quality. Orthodox teas evoked poor attention, but the brighter lines were steady. Due to the limited quantity on offer, no quotations were issued for both the sales.

FOODGRAINS RISE

BOMBAY, June 1

The prices of foodgrains in the local market continued to rule firm during the week. In cereals, wheat (Pissi) moved up nominally by a rupee to Rs 88-92 per quintal. The city market is getting its supplies mainly from Gujarat and some centres from Maharashtra. The daily arrivals were around 4,000 bags, against the demand for 5,000 bags. The stock in the local market was hardly 10,000 bags. In coarse grains, the prices of bajra (superior quality) at Rs 70-75 per quintal showed a further rise of Rs 3 on account of seasonal fall in supplies. The old stock of maize is now exhausted. The new maize crop arrivals have commenced; the price was quoted at Rs 70 per quintal.

In pulses, gram (Punjab) declined marginally by a rupee to Rs 88-89 per quintal on account of slack demand. As millers had large stocks they refrained from making immediate commitments. The stock in the city market was estimated at 8,000 bags. The prices of urad (Khandesh) moved up by Rs 5 to Rs 150-155 per quintal on account of the tight supply position. The prices of tur (Berar white) at Rs 125-127 per quintal showed a further increase of Rs 3 owing to the good demand in the face of limited offerings. The prices of moong (Chinal) firmed up sharply by Rs 20-40 to Rs 230-260 per quintal on account of acute shortage of supplies.

SUGAR DECLINES

BOMBAY, June 1

In the local sugar market, the prices of sugar (C-30) at Rs 188-189 per quintal showed a further decline of Rs 6. With the onset of the monsoon, there has been a rather sharp fall in demand for sugar. Market reports indicate that even buying at lower levels is very restricted. Today about 10,000 bags of sugar (C-30) were sold at Rs 179 per bag, ex-mill with duty.

METALS STEADY

CALCUTTA, June 1

Fully steady conditions marked the activity in the base metal market during the past week. The steep rise in the import duty on non-

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ferrous metals from Rs 1,500 per tonne on copper and Rs 500 per tonne on zinc to 30 per cent *ad valorem* on copper and 40 per cent *ad valorem* on zinc and pig lead would naturally mean higher prices. There was no change in the excise duty on aluminium, but two days prior to the Budget the Government of India had announced the fixation of uniform selling prices for aluminium ingots, wire-bars or billets, rods and rolled products of aluminium. The controlled price is about Rs 370 a tonne lower than the selling price as on May 25. Aluminium extruded products and foils have been excluded from the price fixation.

Even despite the good releases being maintained by the Minerals and Metals Trading Corporation to both the scheduled sector and the small scale units, prices of non-ferrous scrap rose during the past week. Producers of non-ferrous metals have been assured of a steady flow of the required supplies of copper and zinc to meet their requirements. The MMTC has now contracted for the import of about 7,000 tonnes of zinc from Japan.

In the past week offers were limited in view of the Budget uncertainties. Buyers were also keen. In the process clean copper wire scrap rose from Rs 1,420 to Rs 1,430, and utensil copper scrap from Rs 1,340 to Rs 1,360. Virgin lead added Rs 2 to Rs 460 though both tin and electrolytic zinc remained unchanged at Rs 4,800 and Rs 475 respectively.

KIPS NEGLECTED

MADRAS, May 29

Though the undertone of the market was good the volume of sales put through was meagre. Importers were saying that Madras prices were not economical while shippers were not able to buy raw stocks at workable levels. There was persistent demand for lower grade cow hides in 5/54 lbs and 8/84 lbs averages. Inquiries for cowcalf light weight fourths were free but stocks were scarce. Due to off-season, sellers of buff calf were few. Inquiries were sporadic in tanned goat skins and orders booked were poor due to high prices.

BULLION WEAK

BOMBAY, June 2

A weak sentiment prevailed in the bullion market during the past week. Silver lost further ground during the week on increased arrivals and reduced off-take. The easy overseas advices also imparted weakness. Gold too receded due to heavy inflow. Sovereign was listless at last week's levels.

Silver (996 fineness) began the week Rs 2.50 lower at Rs 594 and declined in the following sessions. It moved at between Rs 591 and Rs 589 before closing at Rs 589.50 today. The net loss over the week being Rs 6.50. The week-

ly delivery was mentioned at between Rs 588 and Rs 588.50. The weekly average arrivals and off-take of silver aggregated 50 bars and 41 bars, respectively.

Primary gold in unofficial trading commenced Rs 3 lower at Rs 193 but increased in the next session. It however lost ground in the following session and wound up the week at Rs 187.50 today, with a net loss of Rs 8.50 over the week. Standard gold in official trading opened Rs 2 lower at Rs 200 and declined in the subsequent sessions. It closed at Rs 197.50 today, the net loss over the week being Rs 4.50. Sovereign was listless at Rs 174.

MONEY UNCHANGED

BOMBAY, June 2

Conditions in Bombay's short-term money market remained unchanged in the past week. The call rate was steady at 4½ per cent. In Madras the inter-bank call rate ruled at 4½ per cent.

Ninety-one days' Government of India treasury bills sold from May 24 to 29 amounted to Rs 356 crores against Rs 10.55 crores in the preceding week.

During the week ended May 21, foreign exchange reserves of the Reserve Bank of India increased by Rs 2.79 crores to Rs 379.24 crores. While foreign securities remained unchanged at Rs 303.42 crores, balances held abroad rose to Rs 75.82 crores from Rs 73.03 crores. Notes in circulation declined by Rs 26.66 crores to Rs 4,397.86 crores. Deposits of scheduled commercial banks with the Reserve Bank of India came down to Rs 208.44 crores from Rs 228.31 crores.

The week ended May 21 recorded a rise of Rs 21.64 crores at Rs 4,704.77 crores in the total credit made available by scheduled commercial banks. Aggregate deposits expanded to Rs 6,051.45 crores from Rs 6,008.45 crores. Borrowings from the Reserve Bank were lower at Rs 125.49 crores (Rs 208.19 crores).

Notices

CAWNPORE TEXTILES LIMITED

Registered Office

85/20, Cooperganj, KANPUR.

NOTICE

NOTICE IS HEREBY GIVEN THAT the next Annual General Meeting of the Company will be held at 'Sutherland House, Kanpur, on 29th June, 1971 at 10.30 a.m. to transact the business including Special business as mentioned in the Notice dated 31st May, 1971.

The Notice along with explanatory statement as required under Section 172 of the Companies Act, 1956, the Balance Sheet, Profit and Loss Account, Report of the Board of Directors and Auditors' Report for the year ended 31st December, 1970 have been sent to the Shareholders.

The Register of Members and Share Transfer Books of the Company will be closed from 23rd June, 1971 to 29th June 1971 (both days inclusive).

By Order of the Board of Directors,
SATYA PAL,

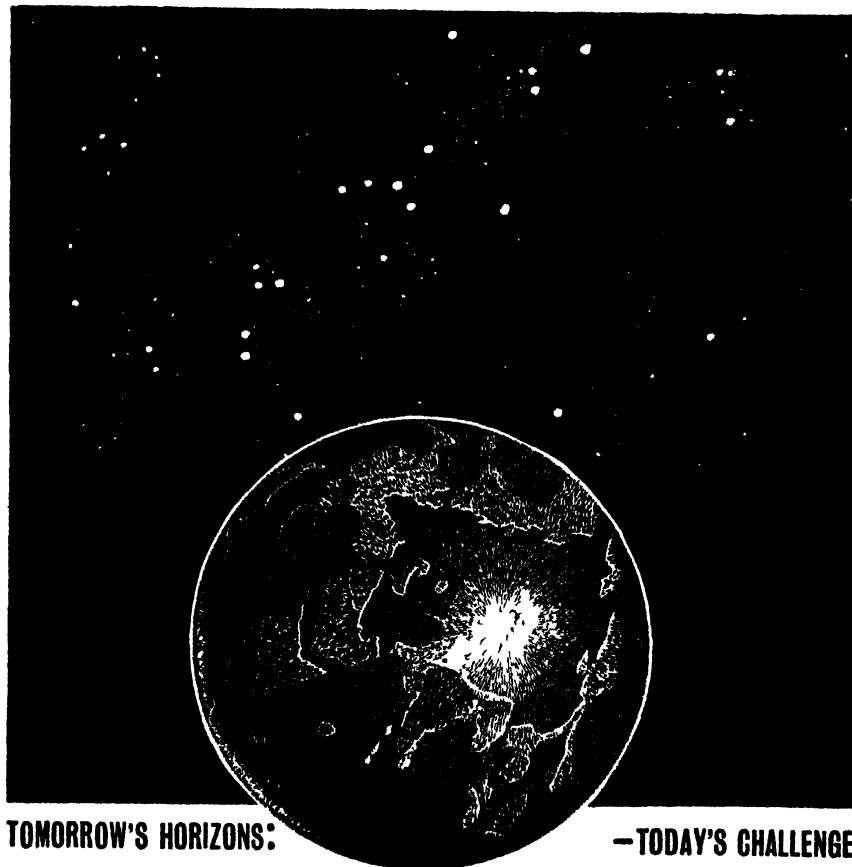
Secretary

KANPUR,

Dated 31st May, 1971.

Note (i) A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.

(ii) Members should intimate the change in their addresses, if any, forthwith.



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 - THE TATA POWER CO. LTD.
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- Bombay House, Bruce Street Fort, Bombay 1

COMMERCE (1935) LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Thirty-sixth Annual General Meeting of the Shareholders of the above Company will be held at the Registered Office of the Company "Manek Mahal", Sixth Floor, 90, Veer Nariman Road, Churchgate, Bombay-20 (BR) on Friday, the 25th June, 1971 at 11-30 a.m. (S.T.), to transact the following business:

1. To receive and adopt the Directors' Report and Audited Profit and Loss Account for the year ended 31st December, 1970 and the Balance Sheet as at that date.
2. To declare a dividend.
3. To elect a Director in place of Shri Pallonji S. Mistry who retires by rotation in accordance with Article 153(1)(2) of the Articles of Association of the Company, but being eligible, offers himself for re-election.
4. To elect a Director in place of Shri Balkrishna Harivallabhdas who retires by rotation in accordance with Article 153(1)(2) of the Articles of Association of the Company, but being eligible, offers himself for re-election.
5. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTICE is hereby given pursuant to Section 154 of the Companies Act, 1956,

that the Register of Members will be closed from Saturday, the 19th June, 1971 to Friday, the 25th June, 1971, both days inclusive, and that the Share Transfer Books will also be closed during the same period.

By Order of the Board

COMMERCE (1935) LIMITED

K HARIHARAN

Secretary

"MANEK MAHAL", 6TH FLOOR,
90, VEER NARIMAN ROAD,
CHURCHGATE, BOMBAY-20 BR.
24th May, 1971.

Note: 1 A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of himself. A proxy need not be a member.

2. The Dividend when declared will be made payable at the Registered Office of the Company on and after 5th July, 1971. The Dividend Warrants will be posted to those Shareholders whose names stand on the Register on the 25th June, 1971.

THE RAJKUMAR MILLS LTD.

Registered Office:

7, New Dewas Road, Indore

NOTICE

NOTICE IS HEREBY GIVEN THAT the Forty-eighth Annual General Meeting of the Members of the above Company will be held at the Registered Office of the Company at 7, New Dewas Road, Indore, on Tuesday, the 29th June,

1971 at 4 p.m. to transact the following business:—

- (1) To receive and adopt the Directors' Report and the audited Balance Sheet as at 31st December, 1970 and the Profit and Loss Account for the year ended on that date.
- (2) To appoint a Director in place of Shri R. C. Jall, M.A. LL.B. M.L.A. who retires by rotation and is eligible for re-appointment.
- (3) To appoint a Director in place of Shri Jall E. Cowasji, B.A. (Hons), M.B.A. (Harvard University, USA), who retires by rotation and is eligible for re-appointment.
- (4) To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board,

G. B. J. SETH,

Managing Director.

INDORE:

Dated 2nd June, 1971.

NOTES

(1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member.

(2) The Share Transfer Books and the Register of Members of the Company will remain closed from Monday, the 21st June, 1971 to Tuesday, the 29th June, 1971, both days inclusive.

(3) Change of address, if any, should be intimated to the Company immediately.

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COMMERCE (1935) LTD.

MANEK MAHAL, 6th FLOOR, 90 VEER NARIMAN ROAD, CHURCHGATE, BOMBAY-20

Phone : 253505

STOCK & SHARE QUOTATIONS

Abbreviations: D—Deferred shares, P.O.—Preferred Ordinary shares, N—Nominal quotations, a.d.—Ex. Dividend, a.d.—Cum. Dividend, I—Interim Dividend, C.R.—Cum. Right, X.R.—Ex. Right.

Shares:—If a company has different classes of shares—as for example: 'A' shares and 'B' shares—these are indicated by the same letters 'A' and 'B' under the columns 'Paid-up Ordinary Capital' and 'Paid-up per share'.

Accounts:—Figures in the Accounts Closed column represent the months of the year in which the respective companies close their accounts, 6 and 12, for instance, indicate the months of June

and December, respectively. Reserves include general and other reserves and all other funds which a company may have excluding depreciation fund, reserves for tax liability and provision fund. Block represents actual cost of land, buildings, machinery and all other items on which depreciation is allowed less sales, if any, and stands for the gross figure except where otherwise indicated.

Dividends:—Dividends for completed years are shown as amount per share per annum but where quoted for portion of a year they represent the proportionate dividend for that period. In the case of those companies which close their accounts yearly dividends shown are for their financial year.

TEXTILES

COTTON, RAYON, SILK AND WOOLLEN

In lakhs of rupees					Chairman, Managing Director or Secretary	Number Installed		Mill	Latest available Quotation	Paid-up per share	Dividend per Ordinary Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depreci- ation	Carried Forward		Spindles	Looms				1967	1968	1969	1970	
Rs	Rs	Rs	Rs	Rs					Rs	Rs	Rs	Rs	Rs	Rs	
BOMBAY CITY AND ISLAND															
85.00	40.78	181.98	75.21	...	M. M. Wadia (Chairman)	45,180	...	Ambika Silk Mills Co., Ltd.	142.00	100	12.00	12.00	12.00	...	12
80.87	...	191.87	50.44	-53.78	C. P. Wadia (Chairman)	92,608	902	Apulio Mills	0.44	2	NV	NV	NV	...	12
861.41	322.39	20,007.7	14,63.16	0.00	Neville N. Wadia (Chairman)	2,14,884	8,526	Bombay Dyeing & Mfg.	89.00	25	8.00	8.00	8.00	3.25	12
18.14	12.09	283.19	121.22	-48.56	R. R. Rula (Chairman)	48,912	840	Bradbury Mills	47.00	50	7.50	NV	NV	NV	9
354.88	16,84.14	10,54.01	27.71.09	...	R. D. Hiria (Chairman)	1,29,952	2,842	Century Spg. & Mfg.	871.50	100	87.00	40.00	40.00	45.00	12
89.00	62.21	170.36	134.70	...	K. P. Goenka (Chairman)	82,284	673	Cooria Spg. & Wvg.	111.25	100	8.00	8.00	8.00	...	9
42.00	23.47	109.52	129.66	0.05	Ramjiwaj Ramnarain (Chairman)	48,968	...	Dawn Mills	68.00	50	10.00	5.00	8.00	...	9
39.99	78.88	287.53	155.83	-18.12	B. L. Jalan (Chairman)	58,152	935	Elphinstone Spg. & Wvg.	23.00	60	NV	NV	NV	...	12
80.00	104.61	441.28	303.42	0.30	Ratanul Mulji (Chairman)	72,724	862	Finlay Mills	162.00	100	15.00	10.00	11.00	12.00	12
90.00	100.26	309.24	206.89	0.25	Ratanul Mulji (Chairman)	66,844	1,142	Gold Mohur Mills Ltd.	135.50	100	15.00	10.00	11.00	12.00	12
48.00	178.48	775.94	548.25	0.59	K. M. D. Thackeray (Chairman)	59,332	1,223	Hindustan Spg. & Wvg. Mills Ltd.	437.50	100	14.00	NV	NV	14	9
300.00	102.88	827.38	648.18	-059.18	S. D. Mohla (Authorised Controller)	2,71,299	6,096	India United Mills	1.26	100	NV	NV	NV	...	12
149.83	163.81	739.18	580.84	...	D. M. Khatau (Chairman)	1,10,792	1,494	Khatau Mahan, Spg. & Wvg.	0.30	100	10.00	10.00	10.00	12.00	6
104.81	123.22	668.90	826.08	0.75	Kandil Nahalehand (Chairman)	1,28,900	1,900	Kohinoor Mills	230.00	100	8.00	NV	12.00	...	12
64.98	23.82	149.11	75.30	0.01	C. C. Desai (Chairman)	51,996	961	Modella Woollens	10.08	10	NV	0.50	0.75	...	10
108.41	88.65	300.95	142.81	...	N. D. Shirur (Chairman)	61,296	838	Modern Mills	14.78	50	NV	NV	NV	...	12
74.78	178.49	589.78	237.25	...	Gopikisan Piramal (Chairman)	1,36,216	2,982	Morarjee Goudas Spg. & Wvg.	280.00	100	15.00	15.00	15.00	15.00	6
819.99	457.08	27,29.98	17,27.79	0.11	Kasturbhai Lalbhai (Chairman)	...	...	National Rayon Corporation	400.00	100	28.00	28.00	28.00	...	12
54.00	88.33	241.51	126.82	...	Bhadrath Konola (Chairman)	54,882	476	New City of Bombay Mfg.	64.00	100	5.00	5.00	6.00	...	12
35.00	10.18	239.31	171.48	4.85	B. H. Singhi (Chairman)	51,996	961	Phoenix Spg. & Wvg.	70.00	100	15.00	15.00	15.00	...	12
64.00	60.06	423.27	218.80	0.58	R. Ramnarain (Chairman)	86,888	1,220	Phoenix Mills	70.00	100	15.00	NV	NV	...	9
110.00	89.66	473.62	188.04	...	H. A. Podar (Chairman)	70,640	980	Podar Mills	9.40	10	NV	NV	1.00	1.00	12
45.00	44.57	242.84	159.70	0.12	Surendra Maganlal (Chairman)	43,876	...	Raghunathi Mills	92.50	100	12.00	10.00	10.00	10.00	6
105.00	142.99	553.35	216.58	...	Gopal Krishna Singhania (Chairman)	...	...	Raymond Woollens Mills Ltd.	29.00	10	1.20	1.20	1.20	...	12
110.00	108.84	533.60	350.06	...	Gokulchand Banger (Chairman)	95,936	1,682	Shree Niwas Cotton Mills	126.00	100	8.00	5.00	10.00	...	12
199.99	206.17	849.92	447.19	...	Bhogilal Leherchand (Chairman)	...	...	Shree Ram Mills Ltd.	84.00	100	10.00	NV	10.00	...	12
99.79	71.29	400.95	211.80	...	S. R. Damani (Chairman)	50,392	723	Simplex Mills	102.00	50	10.00	8.00	8.00	8.00	3
175.80	660.88	20,08.48	966.13	...	Arvind N. Mafatal (Chairman)	1,15,052	2,706	Standard Mills	661.00	100	20.00	20.00	25.00	28.00	12
131.00	144.98	721.15	490.23	0.02	Naval H. Tata (Chairman)	91,112	2,352	Sundesh Mills	135.00	100	14.00	9.00	9.00	12.00	12
80.00	56.12	366.59	274.92	0.05	Ratanul Mulji (Chairman)	44,584	637	Swan Mills	135.00	100	15.00	15.00	12.00	13.00	12
96.18	110.98	681.75	363.88	0.05	Naval H. Tata (Chairman)	81,040	1,990	Tata Mills	28.50	25	NV	NV	NV	1.50	12
85.20	54.03	236.16	174.18	0.27	Madanmohan Mangaldas (Ch.)	52,872	990	Victoria Mills Ltd.	155.00	100	18.00	18.00	15.00	...	12
48.00	20.61	292.12	216.78	...	P. Shoorji Vallabhdas (Chairman)	68,264	1,864	Western India Spg. & Mfg.	188.75	250	36.00	24.50	24.00	...	9

AHMEDABAD

105.00	122.37	576.80	268.73	0.03	Naval H. Tata (Chairman)	61,232	1,222	Ahmedabad Advance Mills	221.50	100.00	9.00	9.00	9.00	12.00	12
58.00	193.38	886.74	191.17	0.05	G. P. Huthewangi (Chairman)	55,105	1,052	Arund Mills	307.00	100.00	14.00	14.00	14.00	21.00	12
140.00	459.52	870.90	424.40	0.04	K. Sundaram (Chairman)	1,06,840	1,586	Arvind Mills	262.00	100.00	24.00	24.00	24.00	...	12
50.00	190.54	479.00	241.02	0.08	Arvind Narottam (Chairman)	54,436	1,057	Asoka Mills	307.00	100.00	18.00	18.00	18.00	21.00	12
500.00	478.25	22,90.02	12,84.76	0.01	Gautam Sarabhai (Chairman)	1,91,602	2,850	Calico	438.00	125.00	25.00	21.25	19.75	18.00	9
960.00	825.84	12,55.65	676.23	...	Arvind N. Mafatal (Chairman)	1,27,960	2,168	New Shorrock Spg. & Wvg.	444.00	125.00	20.00	20.00	20.00	...	12
75.00	138.73	427.04	199.71	0.06	Lilavati Lalbhai (Chairman)	52,934	800	Rajpur Mfg.	225.00	100.00	24.00	24.00	24.00	16.00	12
196.02	685.79	11,10.39	616.52	...	J. Harilalabhai (Chairman)	1,01,958	1,977	Shri Ambika Mills	661.00	100.00	36.00	35.00	33.00	...	12

WEST BENGAL

54.00	24.00	198.40	52.00	0.15	Bhadrath Kanoria (Chairman)	...	...	Aditya Mills	6.25	10	0.75	0.75	0.75	...	12
13.00	0.99	112.00	47.41	-13.58	M. M. 112.00	...	...	Basanti Cotton Mills	2.56	10	NV	NV	NV	...	12
150.00	134.44	753.19	348.25	...	H. R. Sugla (Mg. Director)	1,60,006	202	Bharat Commerce & Industries	19.81	10	1.80	1.50	1.50	1.20	12
83.80	83.75	369.62	226.19	...	M. ...	47,668	841	Bowman Cotton Mills	13.37	10	1.75	1.75	1.75	...	12
47.50	25.65	329.86	186.58	-7.75	M. ...	45,928	490	Dunbar Mills	9.75	10	0.50	NV	NV	...	12
194.00	138.15	680.13	287.23	-0.03	S. K. Parik (Secretary)	4,852	208	Jaya Shree Textiles & Ind. Ltd.	4.81	10	1.00	NV	1.00	...	12
299.94	580.85	21,38.85	987.92	...	...	75,824	2,215	Kesaram Ind. & Cotton Mills	16.40	10	1.60	1.55	1.55	1.00	9

SOUTH INDIA AND OTHER CENTRES

30.00	5.45	122.97	82.14	5.30	D. C. Kothari (Chairman)	24,000		Adoni Spg. & Wvg. Co. Ltd.	6.10	10	0.60	0.50	NV		9	
87.80	101.44	352.12	144.53		T. S. Krishna (Chairman)	44,256	1,095	Anglo-French Textiles Ltd.	151.25	100	15.00	15.00	15.00		12	
11.99	15.10	81.52	57.49	0.03	K. Sundaram (Chairman)	29,580		Ashar Textile Ltd.	10.00	100	10.00	10.00	7.50		12	
72.00	16.68	812.84	100.45	-169.38	N. Bhagwanadas (Chairman)	36,138	725	Asam Jali Mills	16.00	100	NV	NV	NV	15.00	9	
473.89	237.95	10,16.16	421.07	0.46	J. Harilalabhai (Chairman)			Baroda Rayon Corporation	117.00	100	8.00	8.00	8.00		12	
79.92	242.06	440.79	209.44		K. K. Hiria (Chairman)	39,806	1,094	Hiria Cotton Spg. & Wvg.	16.00	100	1.00	1.00	1.00	1.00	3	
60.00	48.06	198.00	129.39	0.09	Rameshwar Tania (Chairman)	28,524	600	Cawnpore Textiles	2.69	5	NV	0.50	0.40		12	
128.44	4.94	439.52	261.26		Naval H. Tata (Chairman)	1,10,500	2,140	Central India	43.00	50	NV	NV	NV		9	
249.63		460.60	1.07	-1.03	S. K. Parik (Secretary)			Century Spnka Ltd.	345.00	100	NV	NV	NV		12	
72.00	51.21	212.66	148.26		G. Venkataswamy Naidu (Chairman)	54,464	1,000	Colombatore Cotton Mills	125.00	100	9.00	5.00	10.00	11.00	12	
72.00	67.20	424.96	234.16	2.15	M. Chotallingam (Chairman)	46,064	618	Davangere Cotton Mills	115.00	100	12.00	12.00	12.00	12.00	3	
965.84	1.01	22,99.81	11,24.36		Bharat Ram (Chairman)	1,17,776	2,404	Delhi Cloth & General Mills	51.00	25	8.00	1.00	8.00	4.00	9	
											10.00	0.15	0.30	0.30	12	
											1.00	1.00	0.80		12	
											16.00	10.00	12.00		12	
											180.00	15.00	15.00	15.00	12	
											38.75	1.65	1.75	1.75	1.80	9
											70.00	NV	NV	NV		12
											165.00	100	NV	NV		12
											1,000.00	60.00	60.00	100.00	100.00	12
											5.25	5	NV	NV		12
											10.00	0.90	0.90	1.25	1.86	12
											10.00	0.50				12
											40.80	1.25	0.82		1.86	9
											7.70	10	0.80	0.70		12

STOCK & SHARE QUOTATIONS—(Continued)

TEXTILES: SOUTH INDIA AND OTHER CENTRES—(Contd.)

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Number Installed		Mill	Latest available quotations	Paid-up Per Share	Dividend per Ordinary Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depreci- ation	Carried Forward		Spindles	Looms				Rs	Rs	1967	1968		1969	1970
71.00 88.75 80.60 81.48 700.10 216.00 113.61	58.17 76.32 24.71 282.09 630.93 31.91	563.86 528.99 18.01 158.82 183.46	395.01 427.44 111.90 11,09.72 592.29 63.51	0.01 -110.98 0.95 0.09 0.01	B. K. Kandaswamy (Chairman) L. V. Apte (Chairman) K. Thiagarajan Chettiar (Chairman) M. A. Muthiah Chettiar (Chairman) Arvind N. Mahaling (Chairman) M. E. Bourcier (Chairman)	1,20,192 1,08,284 50,423 25,188 14,008 26,456	247 2,604 500 3,400 2,939 653	Lakshmi Mills Lakshmi Vishnu Cotton Loyal Textile Mills Madurai Mills Madurai Fine Spg. & Mfg. Co., Ltd. Mettur Beardsell	83.00 81.06 87.50 37.00 357.50 174.00	50 25 100 50 100 100	5.00 2.50 N/A 4.50 30.00 17.50	4.00 2.00 N/A 5.00 15.00 20.00	4.00 2.00 N/A 5.75 17.00 15.00	4.00 3.00 N/A 5.00 17.00 17.50	3 12 6 12 3 3
29.90 93.34 172.79	1.87 6.86 277.37	203.85 233.77 12,20.37	60.77 100.53 5.00	-57.77 -130.72	N. D. Sirur (Chairman) H. T. Desai (Secretary) G. M. Modi (Chairman)	48,144 52,408 76,424	692 948 828	Minerva Mills Model Mills (Nagpur) Modi Spg. & Wvg. Mills	20.08 31.00 17.92	100 250 10	N/A N/A 1.20	N/A N/A 0.90	N/A N/A 0.90	N/A N/A 1.20	12 6 4
66.01 81.50 87.28 8.00 12.00	5.55 48.25 3.58 17.31	235.69 110.96 193.33 142.87	81.22 53.99 86.00 91.00	-44.20 0.61 -80.84 0.08	N. D. Sirur (Chairman) H. F. Mehta (Chairman) B. P. Sinha (Chairman) R. Muthuswamy (Chairman)	50,492 25,072 39,144 47,600	600 480 902 600	Mysoore Spg. & Mfg Navari Cotton & Silk Mills Ltd. Osmanshahi Mills Palani Andavar Mill	7.24 110.00 12.00 121.49	50 100 100 75B	N/A 11.00 N/A 15.00	N/A 5.00 8.50 12.00	N/A 8.00 N/A 8.00	N/A 8.00 8.00 12.00	12 9 12 12
60.00 83.13	78.85 28.59	314.38 143.90	156.45 119.32	0.06	N. Damotharan (Chairman) V. Rangasamy (Chairman)	77,560 60,704	800	Premier Mills Radhakrishna Mills	106.00 10.70	100 25	20.00 0.75	10.00 N/A	12.00 0.175	15.00	3 12
29.21 82.00	88.47 46.57	260.20 175.72	128.84 114.17	0.11	Nandini Mukundali (Chairman) G. Venkataswami Naidu (Chairman)	37,252 62,000	610	Raja Bahadur Motilal Mills Rajalakshmi Mills	110.00 62.00	100 50	N/A 4.35	N/A 3.00	6.00 5.00	6.00	12 12
26.01 29.78	22.80 8.01	126.97 91.90	79.36 59.35	0.05	P. A. C. R. Ramasubramanian (Mg. Director) M. Rajinikanth Reddy (Chairman)	36,044 21,200	600	Rajapalayam Mills Rajalacema Mills	72.00 90.00	100 100	6.00 10.00	4.00 10.00	4.00 12.00	7.50	3 12
43.83 20.00 690.00 4.66 8.15 40.50	32.55 21.69 142.00 20.86 27.13	174.40 103.88 223.98 81.95 237.45	39.62 72.71 806.98 53.24 160.40	0.02 0.03 0.01	L. N. Jhunjhunwala (Mg. Director) G. K. Devarajulu Naidu (Chairman) G. K. Devarajulu (Mg. Director) G. D. Duraiswami (Chairman) A.B. Adalappa Chettiar (Chairman)	36,160 34,128 80,484	600 600 330	Rajasthan Spg. & Wvg. Mills Rivandandi Mills Ltd. South India Viscose Ltd. Sri Balasubramanian Mills Sri Venkatesa Mills	14.00 10.00 179.50 54.68 50.00	100 100 70 40 50	N/A 0.75 8.00 4.20 4.50	N/A 0.75 8.00 2.80 3.00	N/A 0.75 8.00 2.80 4.50	N/A 6.00 12 12 12	
45.69 15.37 25.00	14.32 17.53 30.95	185.93 110.64 125.85	138.44 83.60 28.15	0.01 0.02 0.00	S. M. Ramakrishna Rao (Chairman) G. V. Ramaswamy Naidu (Chairman) M. ...	39,984 32,200	333	Sri Krishnarajendra Mills Sri Ramakrishna Mills (Coimbatore) Ltd. Super Spinning Mills	36.00 137.32 130.00	50 100 100	N/A 16.00 10.00	N/A 12.00 8.00	N/A 12.00 12.00	2.00	3 3
105.00 17.50 0 P.O. 157.60 29.90 14.62 24.89	416.38 418.38 4.84 2.14 9.37	182.04 11,83.98 106.87 59.54 97.04	46.08 548.31 21.81 37.52 46.17	0.03 -10.34 -73.45	H. G. Agarwal (Secretary) S. Jalpuria (Chairman) M. ... M. ... P. Sornayya, ams (Chairman)	86,212 1,21,390 26,384 12,000	1,244 2,708 495	Sutlej Cotton Mills Swadeshi Cotton (Kanpur) Thanjavur Textiles Thirumurti Mills Tirupati Cotton Mills Ltd.	27.04 12.00 N 8.56 25,116 60.00 3.50	10 100 10 100 10	0.857 0.25 0.421 0.60 N/A N/A	0.857 0.60 1.07 0.60 N/A N/A	1.30 0.50 1.07 0.60 N/A N/A	1.80	12 12 3 3 3
125.00 13.99 81.50 17.00	45.77 18.03 26.76 12.24	771.73 68.69 142.71 129.16	623.73 32.61 1.73 66.16	0.04 -3.16	M. C. Pethachai (Mg. Director) Vijayavankateshachandrasekhar (Chairman) M. ... M. ...	25,084 49,044 43,112	266	Travancore Rayons Trichinopoly Mills Vasanta Mills Vijayakumar Mills	20.76 10.00 62.00 112.00	10 100 100 100	1.50 0.75 4.00 7.50	1.50 0.50 N/A 9.00	1.35 1.35 N/A 9.00	1.50	12 12 12 3
17.00 12.18	7.94 3.40	111.44 25.09	80.05 20.07	-22.25 0.02	A.R. L. V. N. Chetty (Chairman) M. ...	39,960	200	Vijayalakshmi Mills Virudhunagar Textile Mills Ltd.	47.00 29.00	100 50	N/A 3.75	N/A 3.75	N/A 2.50	N/A	12 12

¹ For 15 months ended 31st March 1967.

ed --coun-dividend

JUTE COMPANIES

(In Lakhs of rupees)					Chairman, Managing Director or Secretary	Number of Loans	Company	Latest available Quotations	Paid-up per Share	Dividend per Share				Amount Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depre- ciation	Carried Forward						1967	1968	1969	1970	
							Rs	Rs	Rs	Rs	Rs	Rs		
80.00	71.69	230.95	151.88	0.01	M.	879	Agarpara	7.31	10	0.50	0.50	0.50	0.50	3
18.00	5.85	184.61	88.78	-25.87	M.	446	Alexandra	60.00	100	N/A	N/A	..	..	3
80.90	12.28	188.98	141.69	-6.41	M.	1,284	Alliance	23.00	100	N/A	N/A	..	..	6
59.05	120.82	527.61	343.25	0.24	K. P. Goenka (Chairman)	2,561	Anglo-India	110.00	100	2.50	2.50	2.50	0.50	3
40.00	88.50	327.19	195.78	..	A. Das Gupta (Secretary)	810	Antelind	52.00	100	N/A	N/A	N/A	N/A	2
61.20	100.80	419.61	287.28	..	R. M. Yadav (Secretary)	959	Bally	14.00	1.00	1.00	1.00	N/A	N/A	2
82.5	42.5	117.67	814.05	40.08	Sir George (Chairman)	1,889	Barnagore	40.00	55	N/A	N/A	N/A	N/A	3
99.45	140.00	20,86.36	10,21.00	0.39	M.	1,373	Birla	23.30	10	1.50	1.50	1.50	..	3
64.76	101.93	630.09	449.43	..	J. F. Brierley (Chairman)	779	Budge Budge Amalgamated	8.41vd	10	N/A	N/A	N/A	0.50	3
29.58	16.93	294.27	186.34	0.66	James Finlay & Co. Ltd. (Secretaries)	600	Chandigarh	13.50	10	N/A	N/A	0.50	0.50	11
30.15	165.93	120.11	45.81	-28.06	A. C. Fotheringham (Chairman)	690	Chilawallah	6.50	N/A	N/A	N/A	N/A	N/A	7
31.40	20.95	270.78	135.19	-20.82	A. Das Gupta (Secretary)	766	Dalhousie	45.09	100	N/A	N/A	N/A	N/A	3
80.00	15.28	142.24	111.02	-11.63	J. P. Kanoria (Chairman)	680	Empire	4.87	10	N/A	N/A	..	..	7
38.85	129.95	884.48	513.41	..	M.	1,884	Fort Gloster Industries Ltd.	184.00	100 Old	2.50	2.50	2.50	..	3
41.99	34.1	386.85	167.98	..	N. D. Bangur (Chairman)	1,014	Fort William	10.62	10	0.25	N/A	N/A	N/A	3
84.32	106.21	420.79	257.89	..	H. S. Singhania (Chairman)	1,709	Ganges Manufacturing Co., Ltd.	7.94	10	0.50	N/A	9.75	0.75	3
54.00	75.00	444.77	231.28	0.14	M.	607	General Ind. Society Ltd.	11.49	10	0.50	0.50	1.00	..	13
48.00	39.04	447.07	346.03	0.10	H. D. Wahi (Mg. Director)	1,304	Goudapore	7.08	10	0.50	0.50	N/A	N/A	12
60.00	106.85	82.82	9.04	..	G. C. Bangur (Chairman)	1,978	Hatting	101.00	100	4.00	2.50	2.50	2.50	2
65.63	8.34	245.11	169.45	-15.17	M.	1,640	Howrah	7.12	10	N/A	N/A	N/A	N/A	2
62.80	27.08	635.40	354.99	..	M. M. Mishra (Secretary)	2,272	Hukumchand	12.75	7.50	N/A	N/A	N/A	N/A	3
24.00	16.61	260.03	191.27	-57.29	M.	1,707	Kamarhaty	75.00	100	N/A	N/A	N/A	N/A	12
19.20	..	..	..	..	..	..	..	..	..	..	..	..	..	..
80.00	1.36	221.83	161.00	-120.67	M.	1,527	Kanknarrah	33.50	100	N/A	N/A	N/A	N/A	12
22.00	..	..	..	..	..	..	..	..	..	..	..	..	..	..
77.00	22.90	898.71	263.67	-29.75	A. C. Fotheringham (Chairman)	703	Kelvin	29.50	100	N/A	N/A	N/A	N/A	5
67.50	12.38	299.01	204.08	-36.60	R. P. Kedia (Chairman)	1,530	Khardah	4.65	10	N/A	N/A	N/A	N/A	3
59.98	28.48	409.81	231.56	-61.38	M.	1,250	Kinson	26.31	100	N/A	N/A	N/A	N/A	3
24.48	1.34	112.68	46.78	-0.47	A. Das Gupta (Secretary)	951	Ladadewne	34.00	100	N/A	N/A	N/A	N/A	3
28.00	12.89	58.05	45.69	..	N. K. Ghoshal (Secretary)	840	Lawrence	34.50	2.00	N/A	N/A	N/A	N/A	3
61.45	89.45	513.61	280.13	0.05	M.	1,294	Megna	4.31	10	N/A	N/A	N/A	N/A	3
29.99	82.50	270.05	178.69	0.08	J. K. Bhagat (Mg. Director)	815	Nalhati	27.00	100	N/A	N/A	N/A	N/A	3
35.00	160.49	707.72	358.18	0.02	M.	862	National	7.37	10	N/A	1.00	N/A	N/A	3
86.75	19.63	118.94	78.67	-5.62	A. C. Fotheringham (Chairman)	316	Nellimaria Jate	7.75	10	0.80	0.49	N/A	N/A	7
234.00	231.04	13,59.53	840.40	0.59	A. K. Jain (Chairman)	1,795	New Central	3.81	10	N/A	..	..	..	10
16.80	45.90	309.07	133.87	..	N. K. Ghoshal (Secretary)	687	Northbrook	12.81	1.00	1.00	1.00	1.80	N/A	3
65.50	18.39	231.37	149.33	-13.36	H. D. Wahi (Mg. Director)	1,032	Nuddea	6.62	10	0.25	0.25	N/A	N/A	13
25.00	4.79	124.82	101.80	-25.79	G. Hockley (Chairman)	400	Presidency	1.00	5	N/A	N/A	N/A	N/A	3
36.00	7.10	84.53	59.68	0.06	S. N. Prasad (Secretary)	305	Rameshwara	12.25	10	N/A	N/A	N/A	N/A	3
49.50	85.90	286.14	118.87	..	Bansode Kanoria (Chairman)	2,023	Refinance	6.75	10	N/A	N/A	N/A	N/A	3
58.00	25.94	219.29	111.10	20.01	G. D. Butchart (Secretary)	428	Sannagur	10.12	11	N/A	N/A	N/A	N/A	12
68.00	46.14	253.86	113.01	30.32	G. H. Butchart (Secretary)	1,794	Thagar	11.25	N/A	N/A	N/A	N/A	N/A	12
61.90	101.90	199.06	101.26	16.39	A. Das Gupta (Secretary)	1,329	Union	42.00	100	N/A	N/A	N/A	N/A	3
64.00	61.39	216.48	129.17	0.93	G. D. Butchart (Secretary)	1,331	Victoria	10.12	11	N/A	N/A	N/A	N/A	12
2.50	8.10	82.45	48.08	0.29	A. C. Fotheringham (Chairman)	447	Waverley	3.50	1	0.15	0.15	0.09	..	6

SOUTH INDIAN PLANTING COMPANIES

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Area under Cultivation Acres	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share				Accounts Close
Paid-up Ordinary Capital	Reserves	Gross Block	Depre- ciation	Carried Forward						1967	1968	1969	1970	
14.81	10.43	51.29	6.52	0.15	M.	1,688	Isalancor Tea and Rubber	14.75	10	1.50	1.50	1.50	NU	1
84.00	14.14	204.83	81.48	8.60	D. O. Kothari (Chairman)	1,510	Blue Mountain Estates & Ind.	1.57	2	0.32	0.15	0.12	NU	1
8.80	5.08	24.27	6.60	0.16	M.	582	Chandrasekhar Estates Ltd.	1.70	2	0.32	0.15	0.12	NU	1
20.48	24.06	50.77	24.94	0.22	M.	715H	Chembra Peak Estates	2.79	2	0.45	0.20	0.20	0.20	11
9.60	6.32	27.60	6.97	0.18	M. L. Goenka (Chairman)	497	Coorg Tea	2.15	3	0.20	0.20	0.20	0.20	1
6.40	1.71	16.60	6.48	0.04	A. C. K. Krishnaswami (Chairman)	144H	Devashola (Nilgiri) Tea	14.00xx	10	NU	0.50	0.50	0.50	1
19.69	11.44	38.40	11.25	0.02	P. R. Subramanyam (Chairman)	810H	Halleybury	8.00cd	10	1.00	1.00	0.50	0.50	13
13.00	10.89	24.28	9.41	0.09	A. F. W. Low (Chairman)	211H	Kalassa Tea	3.28	2	0.32	0.28	0.28	0.28	13
30.60	18.88	54.82	16.67	0.07	A. F. W. Low (Chairman)	564H	Kil Kilagiri Tea	2.90	2	0.40	0.30	0.30	0.25	1
10.85	6.91	25.87	8.02	0.01	K. Cheriyan (Chairman)	987	Kurchemma Plant Ltd.	6.30	10	0.70	0.70	0.50	0.50	1
6.00	4.60	17.68	8.02	0.71	S. Padmanabhan (Chairman)	149H	Lucky Valley	19.75	10	1.00	1.00	1.00	1.00	13
86.00	87.51	96.21	27.71	0.89	J. Thomas (Chairman)	687H	Neelamalai	7.20	2	0.625	0.625	0.625	0.50	1
80.00	18.78	68.40	17.89	0.12	J. Thomas (Chairman)	802H	Neelampathy	4.30	2	0.60	0.60	0.40	0.20	1
14.06	11.32	40.57	16.04	0.07	S. B. M. Kesavan (Chairman)	1,692	Nilgiri Tea	7.02	10	NU	NU	0.50	0.50	1
22.84	20.28	125.76	26.16	0.04	R. N. Kapur (Chairman)	1,015H	Nonuch Tea	17.75	10	1.50	1.50	1.75	1.75	1
14.89	20.26	44.28	12.94	0.01	D. M. Hacking (Chairman)	283H	Parkside	38.75	10	2.00	2.00	2.00	2.00	1
12.00	88.97	29.59	2.14	0.21	S. Sivaramakrishna Aiyar	771	Peninsular Plantations Ltd.	15.66	10	2.00	1.00	1.00	1.00	1
81.25	40.11	97.86	35.12	0.07	M.	848H	Peernade	12.62	10	1.75	1.00	1.00	1.125	13
89.54	49.88	169.78	82.24	0.06	A. F. Low (Chairman)	1,524H	Periakaramalai	2.95	2	0.40	0.28	0.28	0.28	1
11.60	2.27	12.02	2.47	0.16	M.	889	Shoverry Estates Ltd.	2.32	2	0.35	0.15	0.20	0.20	1
15.00	10.41	41.47	16.48	0.09	M.	463H	Stanes Amalgamated	12.12	10	1.25	1.25	1.25	1.25	1
13.50	6.38	39.98	11.24	0.01	P. O. M. Ganapathy (Chairman)	1,006	Talayar Tea	0.88	2	NU	NU	NU	NU	1
19.69	11.44	88.40	11.26	0.02	P. R. Subramanyam (Chairman)	491H	Treyford	5.10cd	10	0.50	0.50	0.50	0.50	13
8.20	4.92	12.81	2.18	0.07	M.	518	Udayagiri Rubber Co., Ltd.	15.50	10	NU	NU	NU	NU	13
82.90	19.39	77.14	88.88	0.24	M.	727H	United Nilgiri	11.75	10	1.75	1.75	1.40	1.40	13
47.25	87.59	163.80	44.63	0.78	D. O. Kothari (Chairman)	1,800H	Waterfall	2.25	2	0.28	0.20	0.24	0.24	1

RUBBER AND OTHERS

8.00	4.00	22.74	7.18	-0.53	M. A. M. Muthuraman Chettiar (Mg. Director)	974	Alagowar Estates Ltd.	2.85	2	0.20	0.20	0.12	NU	1
1.80	2.76	14.12	3.98	-0.58	A. V. Mathew (Chairman)	622	Anapara Estates Ltd.	11.75	10	0.50	0.50	0.50	0.50	13
19.08	2.28	25.07	4.46	0.81	M.	1,442	Anapara Estates Ltd.	4.85	2	0.50	0.50	0.50	0.50	1
4.25	6.25	17.46	2.87	0.27	J. Thomas (Chairman)	1,041	Badra Coffee Estates Ltd.	2.80	2	0.40	0.20	0.20	0.20	1
4.00	1.50	7.54	2.43	0.27	J. Thomas (Chairman)	280H	Bababuddin Coffee & Produce	7.65	2	0.75	0.25	0.20	0.20	1
8.00	0.00	5.38	1.44	-0.53	D. O. Kothari (Chairman)	143H	Balmades Plantations	2.10	2	0.20	0.20	0.20	0.20	1
82.80	27.92	72.12	21.90	0.02	A. D. Holland (Chairman)	2,627	Cochin Malabar	0.82	2	0.825	0.80	0.875	0.875	1
30.00	40.33	54.97	10.63	1.14	M. A. Sreenivasan (Chairman)	2,724	Cooffe Lands and Industries	20.87	10	1.60	1.60	1.60	1.60	1
178.87	129.89	555.40	104.15	0.04	M. A. Sreenivasan (Chairman)	4,980H	Consolidated Coffee Ltd.	26.60	10	1.85	1.85	1.85	1.50	1
8.00	6.40	18.62	2.78	(-10.10)	K. L. Narasimha Rao (Chairman)	1,410	Cottanad Plantations	15.75	10	2.00	1.00	1.00	1.00	1
6.18	3.35	4.48	8.07	0.04	M.	248H	Cowooddy Estates (Coffee)	3.30	2	0.35	0.30	0.30	0.35	1
27.00	19.05	67.17	18.04	0.09	J. Thomas (Chairman)	1,280H	Highland Produce	18.65	10	1.25	1.25	1.25	1.25	1
19.69	18.00	439.44	701.44	1.55	L. S. Venkaji Rao (Chairman)	1,578	Kalasa Rubber Co., Ltd.	4.00	2	0.45	0.40	0.30	0.30	1
30.00	17.85	47.42	10.40	0.05	M.	844H	Kalpetta Estates	17.40	10	1.50	1.50	1.50	1.50	1
6.00	4.72	18.62	4.98	0.04	M/A Petros Leslie India Ltd. (Sec.)	814H	Kumergode Estates Ltd.	4.08cd	2	0.86	0.82	0.82	0.36	10
4.25	8.55	7.99	8.19	0.04	R. Radcliffe (Chairman)	844H	Lingapur Estates	4.80cd	2	0.80	0.80	0.80	0.80	1
18.50	11.84	29.25	7.06	0.48	K. C. Thomas (Mg. Director)	871H	Malankara Rubber	29.00	10	2.50	2.25	2.50	2.50	1
1.25	1.25	1.08	1.08	0.81	M.	914	Mercara Rubbers Ltd.	9.40	2	0.75	0.50	0.50	0.50	1
40.50	25.87	105.83	23.95	0.22	J. Thomas (Chairman)	1,452H	Midland Rubber	11.50	10	1.00	1.00	0.75	1.00	1
9.75	5.41	16.79	8.11	0.12	R. Radcliffe (Chairman)	816H	Oscar Estates Ltd.	8.40	2	0.80	0.24	0.20	0.20	1
16.50	8.50	84.81	8.55	0.60	A. D. Pascoe (Chairman)	1,049H	Pullangode Rubber	8.35	2	0.25	0.15	0.15	0.15	1
27.00	22.50	60.82	11.79	0.05	J. Thomas (Chairman)	1,171H	Rajagiri Rubber	18.75	10	1.80	1.80	1.80	1.80	1
4.00	4.15	5.62	1.04	0.24	M.	420	Rajendra Coffee Ltd.	22.00	2	2.50	1.50	1.50	1.50	1
13.00	5.50	26.26	07.85	0.03	K. S. Vaidyanathan (Chairman)	476H	Sanganeshwar Coffee Estates	2.27	2	0.20	0.20	0.20	0.20	1
8.88	8.23	14.56	6.59	0.22	M.	206H	Savarnal Estates Ltd.	8.25	2	0.45	0.45	0.45	0.45	1
8.25	4.79	15.52	1.14	0.21	M.	906	Thamarapally Rubber	13.00	10	1.25	1.25	1.25	1.25	1
9.15	18.08	26.03	4.39	0.03	A. D. Holland (Chairman)	865H	Thirumabadi Rubber Co., Ltd.	1.70	1	NU	NU	0.15	0.05	1
9.00	9.80	19.80	2.79	0.04	Eapen Thomas (Mg. Director)	1,241	Travancore Rubbers Ltd.	9.00	10	0.80	0.80	0.80	0.80	1
41.00	20.18	102.28	25.87	0.04	R. Sankaranarayanan Aiyar	1,255H	Travancore Rubber & Tea	8.88	10	0.80	0.80	0.80	0.80	1
20.00	16.97	61.44	12.54	0.02	K. Bhaskaran Nair (Chairman)	2,162	Tropical Plantations Ltd.	21.90	25	2.00	2.00	2.00	2.00	1
24.84	8.80	10.08	1.79	0.16	K. Ramchandran (Chairman)	889H	Vaikundam Rubber Co., Ltd.	28.50	10	2.00	1.50	1.50	1.50	1
9.50	13.95	27.31	8.08	0.16	P. L. Joseph (Chairman)	1,376	Vellimal Rubber & Co.	12.48	8	0.50	0.55	0.50	0.75	1
12.90	11.85	17.70	5.08	0.08	R. Radcliffe (Chairman)	416H	Wartybully Estates Ltd.	2.85	2	0.20	0.20	0.20	0.20	1

* Includes bonus. H—Area in Hectares.

† For seventeen months ended 31st March 1970.

M—Managed by Board of Directors.

† For 16 months ended 31st March 1970.

N.B.—All dividends are shown as taxable.

NORTH INDIAN TEA ESTATES

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Area under Tea H	Company	Latest available Quotation Rs.	Paid-up per Share Rs.	Dividend per Share				Accounts Close
Paid-up Ordinary Capital	Reserves	Gross Block	Depre- ciation	Carried Forward						1967	1968	1969	1970	
16.87	12.16	40.53	16.72	0.04	M.	868	Ambuckie	5.75	10	0.20	0.20	0.20	0.20	12
19.91	12.04	67.72	17.78	0.04	P. K. Kanoria (Chairman)	184	Ananda (Assam) Tea	6.00	10	1.00	0.50	1.00	1.00	13
8.78	8.86	25.65	12.97	0.04	S. B. Datta (Chairman)	228	Ananda Bag	0.50	10	0.75	0.50	0.50	0.50	13
5.50	6.81	40.78	21.44	-0.47	M.	243	Baghmati	4.19	10	NU	NU	NU	NU	13
7.65	11.53	30.32	10.01	0.04	R. K. Seth (Chairman)	197	Barmatia	11.44	10	1.50	0.50	1.25	1.00	13
10.24	11.08	34.33	16.12	0.04	S. B. Datta (Chairman)	289	Bejani	11.25	10	0.25	0.25	1.50	1.50	13
41.84	18.48	188.78	61.91	-11.66	M.	7,090	Bishnauth	6.50	10	0.80	0.80	0.80	0.80	13
7.50	14.83	80.86	9.71	0.08	M.	226	Bornia Jan Tea	7.14	10	1.25	1.00	1.00	1.00	13
9.60	0.98	29.26	11.77	-2.52	R. C. Mehta (Secretary)	869	Dejo Valley	7.06	10	0.25	0.25	0.25	0.25	13
10.00	17.86	38.03	17.77	0.12	S. L. Dhanuka (Mg. Director)	220	Dhannari	11.12	10	1.80	1.80	1.00	1.25	12
4.50	21.81	80.28	11.62	0.06	M.	205	Dibruagarh	18.87	10	8.00	8.00	1.00	1.00	12
9.47	11.21	27.08	18.08	0.20	M.	267	Dimalai	15.87	10	1.60	1.25	1.25	1.25	12
14.01	14.92	84.90	27.10	0.06	M.	149	Dumagur	12.62	10	1.00	1.00	1.00	1.00	12
10.14	8.66	80.21	16.29	0.10	M.	226	Gohpur	9.66	10	1.00	0.50	0.50	0.50	12
8.00	7.92	22.49	8.80	0.08	M.	197	Hocrajuli	25.00	10	1.00	1.00	1.00	1.00	12
8.70	25.15	47.24	16.48	0.03	J. F. Brierley (Chairman)	885	Hoolungore	100.00	100	NU	NU	NU	NU	12
164.00	188.15	680.18	287.23	0.08	M.	4,627	Jay Shree Tea & Industries	18.52	10	1.15	1.00	12.50	12.50	12
18.50	12.89	57.02	15.52	0.04	S. B. Datta (Chairman)	426	Jitubari	15.37	8	1.00	1.00	1.00	1.00	12
7.05	9.58	41.76	14.18	0.04	G. P. Goenka (Chairman)	396	Kotamul Tea	4.37	10	0.75	0.75	0.75	0.75	12
6.50	10.00	29.42	12.84	0.07	R. L. Mello (Chairman)	241	Ledo	11.25	100	0.75	0.50	0.50	0.50	12

NORTH INDIAN TEA ESTATES—(Continued)

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Acreage under Cultivation	Company	Latest available Quotation	Paid-up per Share	Dividend per Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward						1967	1968	1969	1970	
Rs.	Rs.	Rs.	Rs.	Rs.				Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
CACHAR														
8 00	0 01	10 07	8 50	0 12	M.	849H	Arcuttipore	11 25	10	Nd	Nd	Nd		11
12 60	12 08	89 09	17 68	0 04	M.	988H	Haitikhira	9 94	10	Nd	Nd	Nd		12
2 60	6 46	18 02	8 72	0 14	M.	265H	Koojacherra	4 87	10	1 00	Nd	Nd		12
10 50	15 06	29.81	10 86	0 07	N. K. Kejriwal (Chairman)	902H	Rungamtee	8 12	10	1.25	0 50	0.50		2
DARJEELING														
2 40	3 48	29 99	2 47	0 18	M.	488H	Chamong	5 50	10					12
3 76	4 88	19 35	10 04	0 08	M.	400H	Darjeeling Tea & Chinsab	00 00	100					12
4 77	1 75	11 10	5 32		I. F. Brierley (Chairman)	167H	Min	144 00	100	18 00	Nd	7 50	7 50	12
8 99	14 85	36 52	14 89	0 04	Williamson Mogor & Co., Ltd.	283H	Nagari Farm	10 62	10	1 50	1 25	Nd		12
8 00	1 07	8 01	3 44	0 09	M.	194H	Pooibong	9 94	10	Nd	Nd	Nd		12
4 20	8 07	9 47	3 75	0 03	M.	146H	Rungta Runglet	55 00	100	17 50	7 50			12
6 00	8 11	18 17	7 45	0 19	Williamson Mogor & Co., Ltd.	254H	Soom	17 50	10	1 75	1 00	0.50		12
15 03	8 56	23 59	10 63	0 18	M.	296H	Sungma	6 50	10	2 00	0 80			12
DOOARS														
58 50	63 07	264 20	120 27	0 05	Dhanraj Mitter (Chairman)	2,047H	Danarhat	112 00	100	20 00	5 00	Nd		12
9 00	24 66	45 37	23 88	0 15	M.	476H	Bhatkawa	4 56	10	Nd	0 60	Nd		12
47 82	92 80	178 30	74 74	0 11	A. F. Macdonald (Chairman)	1,756	Birpara	93 00	100	12 00	5 00	5 00		12
6 00	12 70	21 19	7 91	0 25	M.	258H	Curron	207 00	100	10 00				12
6 00	3 75	15 02	9 10	1 09	H. P. Agarwal (Mg. Director)	197H	Kilnbarrie	99 00	100	10 00	Nd	Nd		12
10 50	4 90	85 37	20 48	2 56	S. D. Datta (Chairman)	490H	Kalibhata	8 25	10	2 00	0 35	Nd		12
16 50	15 57	56 27	25 09	0 26	M.	1,462	Hudibari	7 11	10					12
7 00	4 28	14 83	7 27	1 40	M.	246H	Jaybirpara (Dooars)	9 00	10					12
81 32	65 53	115 85	49 22	0 05	A. F. Macdonald (Chairman)	1,200	Kilnott	9 08	10	1 40	1 25	0 50		12
2 00	6 14	21 55	6 45	0 25	M.	247H	Manabbarrie	15 00N	100					12
2 50	4 88	6 86	2 72	0 01	C. L. Chatterjee (Mg. Director)	120H	Phakova	170 00	100	7 50	5 00	Nd		12
6 00	10 02	23 18	12 14	2 24	M.	286H	Rajabhat	6 12	10	Nd				12
7 65	1 48	48 62	25 39	1 48	M.	654H	Ranicherra	5 87	10	Nd	Nd			12
74 56	61 29	133 60	67 38		M.	768H	Rydak	8 75	10	1 50	0 75	0 50		12
8 46	10 74	26 64	11 46		M.	807H	Saragon Tea Co., Ltd.	11 00N	10					12
SYLHET														
6 00	21 04	14 48	5 28	4 78	M.	245B	Danracheria	5 75	10					12
5 60	12 34	1 60(a)		11 01	M.	1,108	New Samanbag	4 90	10	Nd	Nd	Nd		12
6 00	180 02	92 65	86 64	0 14	M.	1,77H	Talukola	49 50	100					12
9 00	84 71	30 72	11 71	8 82	M.	905H	Telapara	43 00	100					12
TERAI														
5 00	7 95	8 03	4 56	0 21	M.	258H	Belgachi	19 00	10 00	10.00	Nd	Nd		12
13 44	22 62	68 88	28 73	0 18	A. F. Macdonald (Chairman)	909H	Gungaram	65 00	10 00	10.00	Nd	Nd		12
8 00	11 59	15 35	7 37	0 24	M.	514	New Chumta	5 00	2 50					2
2 20	17 50	28 43	14 55	0 19	R. C. Mehta (Secretary)	348H	Tirribhannab	44 00N	10 00	5.00	5 00	2 00		12

H—Area in Hectares.

XB—Ex-Bonus.

MISCELLANEOUS COMPANIES

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Company	Latest available Quotation	Paid up per Share	Dividend per Share				Accounts Closed
Paid up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward					1967	1968	1969	1970	
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
CEMENT													
74 58	45 89	822 74	171 86	0 05	V. M. Rao (Chairman)	Andhra Cement Co.	10 80	10	1 00	1 00		1 25†	8
59 91	25 27	227 57	149 06		A. K. Jain (Chairman)	Anhoks Cement Ltd.	7 24	10	1 00	0 70	0 60	0 60	8
28 47	17 82	100 54	48 51	0 08	N. A. Palkhivala (Chairman)	Associated Cement Companies	131 00	100	12 00	12 00	12 00	12 00	7
90 93	63 59	323 59	161 95		Alok P. Jain (Chairman)	Bagal Kot Cement Co., Ltd.	14 54	10	1 00	1 00	1 00	1 25	3
286 94	288 13	554 57	820 71		Jaldhaval Dalmia (Chairman)	Dalmia Cement (Bharat)	14 76	10	1 25	1 25	1 25		12
490 00	307 84	20 98	860 29		M.	India Cements Ltd.	8 12	6	0 45	0 45	0 45	0 45	8
800 00	182 45	11 88	677 20		Alok P. Jain (Chairman)	Jalpur Udyog Ltd.	9 60	10	1 00	1 00	1 00	1 00	12
90 00	67 85	262 62	98 01	0 02	M.	Madras Cements	113 00	100	10 00	10 00	10 00		9
179 93	68 56	817 25	188 75	0 70	G. D. Birla (Chairman)	Mysore Cements Ltd.	17 12	10	0 75	0 75	1 00	1 25	6
270 00	301 74	864 92	572 80		Jaldhaval Dalmia (Chairman)	Orissa Cement Ltd.	18 12	10	1 10	1 10	1 25		12
125 00	117 08	658 27	227 08	0 08	T. R. Sundaram (Chairman)	Panjan Cement & Mineral Industries	118 00	100	12 00	12 00	12 00	12 00	12
140 00	372 08	888 26	237 00	0 13	K. N. Mehta (Chairman)	Saurashtra Cement & Chemical Ind.	14 25	100	12 00	12 00	10 00	12 00	8
249 38	320 80	11 10	519 29	0 09	Gopalind Bangur (Chairman)	Shree Digvijay Cement	154 00	100	12 00	0 00	9 00		12
75 00	181 21	450 43	302 48	11 85	M.	Sone Valley Portland Cement	2 06	5	Nd	Nd	Nd		12
50 00	10 85	141 36	108 40	0 18	M.	Travancore Cements Ltd.	6 00	10	Nd	Nd	Nd		12
CERAMIC MINING AND QUARRYING													
22 20	21 59	55 58	27 39	0 01	B. C. Shah (Chairman)	Associated Stone Industries (Kotah) Ltd	15 76	10	2 00	Nd	2 00	2 00	9
50 00	45 97	251 91	127 87		M.	Bira Stone Lime Co.	18 09	10	Nd	1 25	1 50	1 50	6
21 27	20 85	62 77	86 76		Smt. K. Mottichand Shah (Chairman)	Bombay Potteries and Tiles Ltd.	92 00	100	18 00	7 00			9
114 80	128 99	793 98	200 68	128 30	A. K. Roy (Chairman)	Ferro Alloys Corporation Ltd.	103 00	100	Nd	Nd	Nd	Nd	12
809 19	25 16 06	53 79 76	10 60 09		G. D. Birla (Chairman)	Hindustan Aluminium Corpn.	85 00	10	1 00	1 00	1 00	1 25	12
125 71	233 45	274 08	225 89		G. D. Kothari (Chairman)	India Copper Corporation	14 25	100	12 00	12 00	10 00		12
100 00	55 34	611 28	183 88	4 83	S. P. Sinha (Mg. Director)	Kalyanpur Lime & Cement Works	11 15	10 00	0 80	0 80	0 80	0 80	12
P. 5 00	7 23	0 68	5 88		M.	Karanpura Development	7 19	10	Nd	Nd	1 50		12
124 17	125 24	399 74	94 61	0 18	Sir A. Ramaswami Mudaliar (Chairman)	Khandwail Ferro Alloys Ltd.	150 00	100	Nd	8 00	12 00		12
80 00	52 44	243 82	187 08		M.	Kumardhul Fireclay and Silica Works	18 75N	10	Nd	Nd			12
9 24	8 16	19 35	13 18	0 18	S. Gannapathi Sundaram (Chairman)	Mysore Stoneware Pipes & Potteries	7 45	10	1 00	0 80	0 80	0 80	3
60 00	48 90	100 65	61 05		J. N. Bhatia (Secretary)	Orissa Minerals Dev	11 44	10	0 50	0 50	1 00	1 25	6
26 76	24 63	161 00	97 97		R. B. Jassani (Chairman)	Parashuram Pottery Works Co., Ltd.	24 76	25	4 50	2 25	2 25	2 25	7
21 00	5 65	27 72	21 42		H. J. Macquoen (Chairman)	Shivrajpur Silica Ind.	6 76	10	Nd	Nd	Nd		11
20 23	7 71	45 32	29 06	0 06	S. N. Boria (Secretary)	Satna Stone & Lime Co., Ltd.	15 15	10	0 50	1 50	1 50		12

* Includes bonus. M—Managed by the Board of Directors.

XB—Ex-Bonus.

XR—Ex-right.

Xd—Ex-dividend.

Od—Oum-dividend.

CR—Oum-right.

N.S.—Dividends are shown as taxable.

† For 15 months ended 31st March 1970.

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* Includes Deans. K—Investments. A—For the year ended March, 1970. M—Managed by Board of Directors. R—April to Dec, 1970. F.R.—For Fiscal Year. F.R.—All dividends are shown as taxable.

MISCELLANEOUS COMPANIES—(Continued)

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share				Accounts Closed
Paid-up Capital	Reserves	Gross Block	Depreciation	Carried Forward					1967	1968	1969	1970	
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
INSURANCE (X)													
18 50	140.65	844 19	146 18	0 18	C. B. Loxley (Managing Director)	Concord of India	12 25	18	0.75	1 00	1 00		12
44 00	140 18	241.56	140 18	0 02	H. V. E. Jengar (Chairman)	Heracles Insurance	24 85	16	2.25	3 70	3 15		12
39 61	102.87	224 87	118 85	0 12	K. M. D. Thackersey (Chairman)	Indian Mercantile Insurance	77 00	80	9 50	9 50	11 00		12
20 50	145 98	419 28	204.87	0 08	Tulindas Kishchand (Chairman)	New Great Insurance	39 50	20	4 50	4 50			12
208 54	251.85	47.84.81	240.64.7		J. D. Chokshi (Chairman)	New India Assurance Co. Ltd.	41 00	15	6 00	6 00	6 00		12
70 00	230.85	755.75	239 89	0 17	B. P. Khatkhat (Chairman)	Ruby General Insurance Co. Ltd.	16.12	10	1 25	1 25	1 50		12
28 00	91.28	212 88	100 97		D. R. Jha (Secretary)	Triton Insurance	230 00	100	12 50	12 50	17 50		12
16 94	61.80	181.94		0 01	Jaykrishna Harivalsobdas (Chairman)	Vulcan Insurance Co., Ltd.	15 12	10	2 00	2 00	2 00		12
OIL													
100 00	172.83	178 35	90.53	0 31	Kamaljit Singh (Chairman)	Indo-Burma Petroleum Co., Ltd.	13 37	10	1.50	1.50	1 25		12
194 21	206.75	941 17	412 32	0 11	J. R. D. Tata (Chairman)	Tata Oil Mills	71 00	25	5.75	4 25	4 75	4.50	8
6 00	18 80	10 40	4.08		J. F. Briceley (Chairman)	Tide Water Oil Co. (India) Ltd.	14 00	10	2.25	1.50	1.50	2 00	12
PAPER													
65 55	46.42	348.68	142 67		M.	Anil Hardboard Ltd.	72 50	100	N/A	6.00	6 00		3
195 64	415.65	12,09.84	588 81	0 05	M.	Ballarpur Paper and Straw Board Mills.	40 50	10	1 25	1 25	1 25		6
125 87	188 70	914 42	466 98	0 01	N. D. Bangur (Chairman)	Bengal Paper Mills	15 80	10	0 75	0 87	1 00		12
125 48	12.82	487.88	807 75	-90 12	G. Mitter (Chairman)	India Paper Mills	8 50	10	N/A	N/A	N/A	N/A	12
24 50	12.28	81 81	24.81		R. T. Popawala (Chairman)	Jayant Paper Mills Ltd.	116 75	100	9 50	6 00			6
122 97	96.08	652 45	275 77		S. P. Mallappa (Chairman)	Mysoor Paper Mills	17 75	10	N/A	N/A	N/A	N/A	3
490 22	65 79	11,83.45	481.80	88.12	Hari Singh (Chairman)	National Newspaper & Paper Mills Ltd.	3 10	10	0 50	0 40	N/A	N/A	3
821 75	10,24.10	34,97.54	14,74.98	1.20	G. P. Birla (Chairman)	Orient Paper	37 60	10	1 00	1 00	1 00	1.00	3
72 80	48 71	238.95	77.00		Rardari Lal Talwar (Chairman)	Paper Products Ltd.	160 00	100	N/A	12 00	N/A		7
80 00	7.60	115 17	92 07	0 06	H. V. Gandhi (Chairman)	Rohini Pulp & Paper Mills Ltd.	117 00	100	N/A	N/A	N/A	8 00	3
849 79		10,63.86	277.54	16.88	S. Narayanaswamy (Chairman)	Sahasra Paper & Boards Ltd.	14 60	10	N/A	N/A	N/A	N/A	3
273 19	87.57	987 29	491.59	0 54	M.	Sirpur Paper Mills	12 28	10	0 80	N/A	N/A	N/A	6
150 65	64.26	748 55	369 00		Nand Kishore Bajoria (Chairman)	Star Paper Mills	9 25	O. 10	N/A	N/A	N/A	N/A	3
196 00	845.00	890 58	317 95		Padampat Singhania (Chairman)	Straw Products Ltd.	23 08	A. 10	0 75	1 00	1 20		12
844 04							6 94	A. 10	N/A	N/A	N/A	0 25	
6 05	115.46	12,09.84	880 84	0 05	Kanak Ghosh (Secretary)	Titagar Paper Mills Co., Ltd.	6 94	B. 10	N/A	N/A	N/A	0 25	3
0 4 88							2 75	P.O. 24	0 325	0 325	0 325	0 325	
139 60	160 08	758.80	485 99	0 01	Gobindlal Bangur (Chairman)	West Coast Paper Mills Ltd.	216 00	100	10 50	10 50	12 00	13 00	6
SUGAR (U.P. and Bihar)													
14 00	20 29	88 97	40.50	0 06	M.	Bairampur Sugar	1 00	24	N/A	0 25	0 20	1 00	9
29 84	18.80	85 76	80 87	0 49	G. L. Bangur (Chairman)	Besund Sugar	8 75	74	0 75	1 00	1 00		9
25 50	16.81	87 80	29 47	0 08	H. P. Bhagat (Chairman)	Bharat Sugar	18 50	10	1 27	1 27			6
36 00	105.13	145.45	95 58		Carew & Co.	Carew & Co.	5 25	10	N/A	0 60	N/A	N/A	6
30 00	50.42	389 37	228 89	-33 62	Raja Ram (Secretary)	Cawnpore Sugar	6 22	10	N/A	N/A	N/A	N/A	10
18 00	51 64	161 06	110.82	-19 48	Raja Ram (Secretary)	Champur Sugar	11 62	10	N/A	1 50	0 80	N/A	6
325 00	139.58	420 88	305 84		Kamalnayan Bajaj (Chairman)	Hindustan Sugar Mills	15 00	100	15 00	15 00	15 00	10 00	6
49 23	48 97	169 31	107 45	0 02	Tulindas Kishchand (Chairman)	Kear Sugar	85 00	50	8 00	8 00	8 00		9
158 52	212.35	666 41	335 55		G. M. Modi (Chairman)	Modi Industries Ltd.	15 00	10	1 20	1 20	1 20	1 20	10
158 78	66.70	74.32	86.21	0 10	M.	New India Sugar Mills	18 62	10	1 85	1 85			6
40 77	96.91	109.11	42 90		M.	New Swadeshi Sugar Mills	105 00	100	10 00	12 00	12 00		6
77 48	216.87	872.40	181 08		M.	Road Sugar	105 00	100	20 00	22 00	22 00		6
24 50	14.48	58 24	32 04		V. H. Dalmia (Chairman)	Rampur Distillery & Chemical Co., Ltd.	9 12	10	0 90	0 75	0 50		6
65 00	5.78	216 08	107 16	-129 39	V. H. Dalmia (Chairman)	Raza Ruland Sugar Co., Ltd.	1 37	10	N/A	N/A	N/A	N/A	10
40 00	15.38	329.15	165 88		M.	Shree Krishna Gyanodaya Sugar	3 90	10	0 50	0 50	N/A		7
72 00	141.24	348 86	156 95	0 2	S. N. Gupta (Secretary)	Upper Ganges Sugar	11 15	10	0 81	0 81	1 00	1 00	6
24 00	21 55	64.72	24.50	0 15	M.	United Province Sugar	6 00	10	1 00				9
Other Centres													
161.97	76 10	679 59	317.53	0 19	M. Thimmaraaju (Chairman)	Andhra Sugars Ltd.	9 40	10	1 20	1 20	1 20	0 90	9
40 99	103.26	358 59	167 64		G. D. Moraria (Chairman)	Balapur Company	77 50	50	7 00	11 00	11 00		9
17 50	4.71	78 10	49 92	-17 96	J. P. Patel (Chairman)	Bhopal Sugar Industries Ltd.	8 24	10	N/A	N/A	N/A	N/A	9
40 00	5.86	127.94	77 86	-18 86	H. V. E. Jengar (Chairman)	Cawnpore Sugars & Chemicals Ltd.	98 00	100	7 00	8 50	9 00	N/A	6
44 06	35.41	217.90	74 32	0 01	Y. Anandee Prasad (Chairman)	Chalappalli Sugars Ltd.	10 00	10	N/A	1 00	1 00		6
90 72	65.06	295 04	151 69	0 01	H. V. E. Jengar (Chairman)	Deccan Sugar & Abkari	4 40	5	0 60	0 675	0 75		6
421.41	328.35	589 61	644 92	20 03	H. V. E. Jengar (Chairman)	E. I. D. Parry Ltd.	13 90	21	7 75	10 75	10 75		9
15 94		78 46	49 22	3 75	M.	Gwalior Sugar	20 00	100	N/A	N/A	N/A	N/A	9
63 28	11.25	185 21	86 86		Rajeshwari Patel (Chairman)	Indra Sugar and Refineries	9 75	10	0 75	1 50	N/A	N/A	9
65 28	48 97	190 37	64 14	0 14	P. R. Ramakrishnan (Chairman)	Jeypore Sugar	14 25	10	1 00	1 00	1 20		6
254 56	229.96	11,48.62	681.55	0 05	V. M. Rao (Chairman)	K. O. P. Ltd.	10 50	10	1 00	1 50	1 00	1.00	6
17 00	5 90	111.22	74 86	0 06	V. Ramnarayan Chetty (Chairman)	Kirampudi Sugar Mills Ltd.	62 00	100	N/A	N/A	N/A	N/A	6
80 00	28.09	329 94	94 61	-24 10	D. C. Kothari (Chairman)	Kothari Sugars & Chem.	6 00	10	0 90	1 20	N/A	N/A	7
20 00	15.48	34 87	24 84	0 08	P. T. Rajan (Chairman)	Kothari Sugars & Chem.	7 50	10	0 90	1 20	1 20	N/A	7
44 50	32.47	328 00	151 25	0 05	D. M. Debanur (Chairman)	Maharashtra Sugar Mills	92 00	50	11 00	11 00	12 00	12 00	9
54 10	178.32	441 12	325 48	0 57	G. Made Gowda (Chairman)	Mysoor Sugar	22 25	10	N/A	N/A	2 00	12 00	6
110 06	263.85	860 06	364 16	0 08	Anil De (Chairman)	Nizam Sugar Factory Ltd.	30 00	25	N/A	1 50	8 00	2 50	6
50 00	104.09	190 96	111 89	0 16	L. V. Apte (Chairman)	Phalton Sugar	75 00	80	10 00	12 00	10 00		6
82 20	50 00	111.44	82 77	4 02	B. P. Kodla (Chairman)	Ram sugar, Oane and Sugar	8 08	10	0 80	2 00	1 00	0 60	8
30 00	86 00	177 47	128 84		Govindji Bhoji (Chairman)	Ravalpura Sugar Farm	51 50	O. 50	6 00	6 00	6 00	6 00	6
40 00	70 50	272 14	92 55	0 25	S. B. P. V. C. Rao (Managing Director)	Sri Saravanya Sugars Ltd.	7 18	10	1 20	1 20	1 20	0 60	4
94 00	9 44	55 89	55 20	0 01	M.	Travancore Sugars	5 00	10	0 60				6
161.80	110.55	698.23	321.96	-97 77	Lalchand Hirschand (Chairman)	Walchandnagar Industries	66 00	100	10 00	12 00	10 00	N/A	9
UNCLASSIFIED (Bombay)													
201 47		847 74	65 06	8 88	K. P. Goenka (Chairman)	Asian Cables Corporation Ltd.	79 00	100	N/A	N/A	10 00	10 00	5
56 00	23 80	77 71	28 80	0 04	Y. Najmuddin (Chairman)	Asian Electronics Ltd.	253 75	100	7 00	10 00	10 00	1 00	3
55 50	103.91	554 19	198 00		M. A. Chidambaram (Chairman)	Automobile Products	13 76	10	0 90	1 00	1 00	1 00	7
104.82	180 54	376 58	206 17		Kamalnayan Bajaj (Chairman)	Bajaj Autos	204 50	100	10 00	10 00	10 00	15 00	3
75 00	12 88	25 01	10 70		Kamalnayan Bajaj (Chairman)	Bajaj Electronics	94 00	100	10 00	10 00	N/A	8 00	9
75 91	101.15	250 81	65 84		W. F. Knodler (Chairman)	Bajaj Tempo	18 32	10	N/A	0 50	0 50	1 00	9
90 00	27.68	235 01	54 82		Prabhat C. Mehta (Chairman)	Bharat Rifices	119 50	100	7 00	8 00	N/A	6 00	6
58 50	53.88	104 81	35 81		H. B. Chavhan (Chairman)	Bundel Komite Paints, Ltd.	14 00	10	0 25	0 50	1 00	1 00	6
147 90	15.27	214 86	86 87	-110 85	S. R. Lele (Chairman)	Borocil Glass Works Ltd.	7 12	10	N/A				12
197 81	306.78	541 59	237 99	0 19	Pratapnath Mathuradas Vimeaji (Chairman)	Bombay-Burmah Trading Corp.	45 75	25	3 50	8 50	8 50	8 75	5
149 48	15 10	187 88	30 09		M. R. Eula (Chairman)	Bombay Oxygen Corp. Ltd.	47 50	100	6 00	8 00	8 00		12

MISCELLANEOUS COMPANIES—(Continued)

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depreciation	Carried Forward					1967	1968	1969	1970	
Ra.	Ra.	Ra.	Ra.	Ra.			Ra.	Ra.	Ra.	Ra.	Ra.		
UNCLASSIFIED (Bombay)													
81.07	18.88	187.22	180.55	8.82	R. D. Birla (Chairman)	Hind Cycles	60.00	100	10.00	N/A	6.00		
11.55	77.28	17.09	97.05	0.03	V. O. Rajadhyaksha (Chairman)	Hindustan Lever	21.24	10	1.40	1.40	1.40		
848.29	167.82	299.00	84.27	0.01	H. D. M. Hardie (Chairman)	Hindustan-Ford Ltd.	39.00	10	2.00	2.00	2.25	2.25	
150.00	110.27	807.37	83.15	0.01	C. C. Desai (Chairman)	Indian Detonators Ltd.	25.25	10	1.00	1.00	1.20	1.20	
29.04	28.15	61.15	41.35	0.01	F. H. Kemple (Chairman)	Indian Vegetable Products Ltd.	186.00	100	18.00	15.00*	16.00*	17.00	
750.00	748.47	81.75	26,01,561	0.01	G. L. Mehta (Chairman)	Industrial Credit & Investment Corp. of India Ltd.	125.00	100	9.00	9.00	9.00	10.00	
90.99	13.18	0.87	11,90,001	0.01	Kishore M. Premchand (Chairman)	Industrial Investment Trust	90.00	100	6.50	7.00	7.00	8.00	
187.24	178.85	2.89	516,677	0.03	J. D. Chokai (Chairman)	Investment Corp. of India Ltd.	108.50	100	9.50	9.50	9.50	9.25	
50.00	10.16	224.15	77.87	0.07	P. R. Karamani (Chairman)	Jalpur Metals and Electricals Ltd.	55.00	100	N/A	N/A	N/A	N/A	
124.65	16.47	141.67	28.30	0.07	M. K. Ogale (Chairman)	Killick Nixon	65.00	100	10.00	10.00	10.00	10.00	
80.05	10.90	120.00	10.30	0.08	Bhaglal H. P. Patel (Chairman)	Laxmi Saram Factory Ltd.	78.00	100	10.00	10.00	N/A	N/A	
50.81	43.41	74.41	1.11	0.08	Rasiklal J. Chinal (Chairman)	Mahendra Electricals Ltd.	119.00	100	7.50	7.50	9.00	9.00	
875.00	587.40	10,98.84	470.17	0.02	Bhailal C. Patel (Chairman)	Motor Industries Co., Ltd.	437.50	100	17.50	17.50	17.50	17.50	
10.74	24.65	103.44	33.81	0.02	P. N. Advani (Chairman)	New India Fisheries Ltd.	102.00	100	12.00	N/A	12.00		
90.40	104.12	272.01	150.20	0.02	H. M. Ghis (Chairman)	New India Industries Ltd.	990.00	100	18.00	15.00	15.00		
27.60	6.70	60.60	19.54	0.02	M. K. Rula (Chairman)	Permanent Magnets Ltd.	157.50	100	9.00	9.00			
38.00	18.13	90.00	65.61	0.02	M. P. Polson (Chairman)	Polson Ltd.	128.00	100	12.50	12.50	12.50	10.00	
746.87	210.95	21,27.69	714.15	29.81	Lalchand Hirschchud (Chairman)	Premier Automobiles	53.00	100	N/A	N/A	N/A	N/A	
15.00	11.77	51.08	28.06	0.02	G. V. Purnik (Chairman)	Salle Biscuit & Chocolate Co., Ltd.	105.00	100	9.00	9.00	10.00	10.00	
149.80	78.00	353.48	147.83	0.05	C. S. Desai (Chairman)	Premier Tyres Ltd.	180.00	100	N/A	6.00	10.00	8.00	
50.00	77.16	209.03	94.64	0.05	R. D. Char (Chairman)	Standard Batteries Ltd.	212.50	100	12.00	12.00	15.00		
28.15	4.51	80.84	19.05	0.02	N. D. Birur (Chairman)	Sundatta Foods & Fibres Ltd.	81.00	50	N/A	N/A	N/A	N/A	
0.32	5.78	36.25	14.24	0.02	M. K. Choksey (Chairman)	Supreme Industries Ltd.	155.00	100	N/A	N/A	N/A	6.00	
75.00	110.62	12.81	12.81	0.01	Felix Hirsiger (Chairman)	Telugur Industries Ltd.	50.00	100	N/A	N/A	N/A	N/A	
155.00	104.90	311.00	176.05	0.05	G. H. Shashibha (Chairman)	United Carbon India Ltd.	427.50	100	N/A	N/A	15.00	20.00	
405.00	180.18	7.21	417.97	0.05	Akbar Hydari (Chairman)	Western India Match Co., Ltd.	152.50	100	11.00	11.00	12.00	12.00	
90.00	65.87	19.21	9.91	0.05	G. D. Morarka (Chairman)	W.H. Brady & Co., Ltd.	150.00	100	11.00	15.00			
UNCLASSIFIED (Other Centres)													
185.00	419.08	11,04.84	873.77	0.01	Padampat Singhania (Chairman)	Aluminium Corporation of India Ltd.	10.44	10	1.20	1.20	1.00	N/A	
81.40	80.05	387.17	180.24	0.01	S. Narayanaswamy (Chairman)	Aluminium Industries Ltd.	7.05	10	1.20	0.60	1.00		
81.22	10.36	87.05	15.20	0.01	K. N. Mookerjee (Chairman)	American Refrigerator Co., Ltd.	6.75	10	1.60	1.75	1.75	0.75	
45.00	41.40	50.52	38.54	0.07	M. A. Ramaswami Mudaliar (Chairman)	Anglo Bros. Ltd.	6.55	5	0.40	0.40	0.45	0.475	
778.85	401.81	10,82.83	462.81	0.02	Tulsi Das Kishorend (Chairman)	Ashok Leyland Ltd.	22.62	10	1.40	1.50	1.70	2.00	
50.00	58.23	89.07	45.06	0.02	R. B. Gogoi (Chairman)	Assam Match Co., Ltd.	31.27	10	1.55	1.55	1.55		
212.40	90.78	318.02	148.14	0.02	R. P. Goenka (Chairman)	Associated Battery Makers (B.) Ltd.	4.00	100	12.00	8.00	8.00		
144.08	108.70	115.70	95.68	0.02	K. N. Kanoria (Chairman)	Balmer Lawrie & Co., Ltd.	18.19	10	0.30	0.30	0.40		
30.00	20.24	51.40	40.32	0.02	M. K. Vellodi (Chairman)	Bengal Flour Mills Co., Ltd.	71.00	100	2.00	1.80	1.80		
690.00	282.78	28,82.05	16,81.48	0.02	A. G. Khanna (Chairman)	Binny Ltd.	34.31	5	N/A	N/A	N/A	N/A	
166.00	251.08	457.81	201.48	0.09	Sri Prakasa (Chairman)	Britannia Biscuits Co.	5.66	10	1.00	1.00	1.25		
180.00	180.17	408.07	230.59	0.09	R. A. Godwin (Managing Director)	British India Corporation Ltd.	21.00	10	1.00	1.00	1.25		
75.00	89.17	78.37	49.18	0.05	Sir A. Ramaswami Mudaliar (Chairman)	Carborundum Universal Ltd.	246.00	100	12.00	12.00	12.00		
88.00	122.65	289.82	121.46	0.05	J. F. Brierley (Chairman)	Clive Row Investment	6.55	10	0.40	0.45	0.80		
188.80	11.41	12.51	12.22	0.08	R. G. N. Nairn (Chairman)	Dunlop India Ltd.	37.49	10	1.75	1.75	2.00	2.00	
10,000.00	177.00	28.50	28.50	0.08	K. P. Goenka (Chairman)	Dunlop Brothers & Co., Ltd.	118.00	100	12.00	12.00	12.00		
79.69	65.58	157.00	0.04	0.08	K. P. Goenka (Chairman)	Eastern Investment Ltd.	4.00	100	0.25	0.25	0.50		
181.61	28.06	109.24	23.18	0.09	S. Sen Gupta (Managing Director)	East Anglia Plastics (India) Ltd.	4.75	10	0.60	0.60	0.80	0.40	
75.00	26.78	288.71	100.61	0.04	K. B. Sundaram Iyer (Chairman)	Enfield India Ltd.	10.25	10	N/A	0.60	1.00		
78.75	82.60	285.68	116.81	0.04	Satyam Narain Gupta (Chairman)	Ganesh Flour Mills Co., Ltd.	4.62	12.50	N/A	N/A	N/A	N/A	
65.00	68.64	41.02	28.72	0.04	Girdhar Das Kothari (Chairman)	Gilgander Automobiles & Co., Ltd.	7.67	10	1.25	1.25	0.98	1.00	
94.00	135.69	72.87	72.87	0.04	D. S. Hazare (Chairman)	Godfrey Phillips India Ltd.	56.00	100	8.50	8.50	1.25		
558.86	587.08	655.00	866.70	0.04	B. B. O. Carey (Managing Director)	Goodyear India Ltd.	56.62	10	1.50	1.50	1.75		
10,97.10	11,07.06	57,54.06	22,38.43	0.04	M. B. Birla (Chairman)	Hindustan Motors	12.85	10	1.25	1.25	1.00	N/A	
78.86	89.12	187.88	51.92	0.04	H. L. Somani (Chairman)	Hindustan Sanitaryware & Industries	13.67	10	1.00	1.00	1.00	1.00	
884.00	27.29	61.12	135.47	0.04	Sir A. Ramaswami Mudaliar (Chairman)	Inchek Tyres Ltd.	8.17	10	N/A	0.60	N/A	N/A	
18,93.00	17,06.68	1,07,78.24	27,72.02	0.04	A. H. Narain (Chairman)	India Tobacco Co., Ltd.	1.00	10	1.00	1.00	1.00	1.85	
50.70	51.82	205.83	51.85	0.02	S. Narayanaswamy (Chairman)	India Forge and Drop Stampings Ltd.	10.80	10	1.00	0.90	0.90	0.80	
12,01.18	10,61.60	57,01.03	18,41.90	0.02	H. V. R. Iengar (Chairman)	Indian Aluminium Co., Ltd.	37.05	10	1.75	1.40	1.40	1.40	
414.43	801.67	607.22	878.88	0.02	D. Fordwood (Chairman)	Indian Cable Co., Ltd.	17.55	10	1.60	0.60	0.25		
50.00	110.28	168.98	61.13	0.02	P. D. Himatnigra (Chairman)	Indian Carbon Ltd.	33.50	10	1.60	1.60	1.60		
499.00	499.00	78.24	87.12	0.02	Narayan Das (Chairman)	Indian Drives Ltd.	1.20	10	1.20	1.20	1.20	1.40	
40.00	10.19	26.05	28.98	0.02	S. B. Datta (Chairman)	Indian Wood Products Co., Ltd.	13.17	10	N/A	0.90	1.50	0.90	
40.00	2.09	32.82	17.72	0.02	B. N. Ghose (Secretary)	Indian Tack & Nail Co., Ltd.	10.19	10	0.15	0.80	0.60	0.55	
18.00	10.67	17.54	8.07	0.02	R. P. Goenka (Chairman)	Industrial Containers Ltd.	13.00	10	0.30	0.30	1.25	N/A	
190.99	128.49	60.15	80.08	0.05	D. Fordwood (Chairman)	Jardine Henderson	35.00	100	7.00	4.00	N/A	N/A	
37.00	37.00	80.00	45.86	0.05	H. M. Patel (Chairman)	Jessival (1929) Ltd.	1.05	10	0.05	0.05	1.05	10.05	
187.22	102.60	88.50	140.05	0.05	M. K. Chorian (Chairman)	Madras Aluminium Co., Ltd.	183.00	100	N/A	8.00	12.00		
220.08	90.17	134.28	100.40	0.02	Sir Biren Mookerjee (Chairman)	Madras Rubber Factory Ltd.	19.50	10	1.00	1.00	1.00	1.00	
17.12	10.84	30.99	12.08	0.02	Sir Biren Mookerjee (Secretary)	Martin Burn Ltd.	7.00	10	1.25	0.60	1.00		
604.13	245.15	10,49.48	277.12	0.02	Bhaskar Mitter (Chairman)	McLeod & Co., Ltd.	100.00	100	N/A	N/A	N/A	N/A	
248.10	465.09	600.40	204.45	0.02	V. R. Mohan (Managing Director)	Mohar Industries of India Ltd.	1.20	10	1.20	0.90	0.90		
62.60	63.00	82.48	34.00	0.02	N. G. Avranar (Managing Director)	Mohan Mohan Breweries	1.75	5	0.875	0.45	0.60	0.60	
10.00	9.06	71.11	19.11	0.02	M. D. Shivaramappa (Chairman)	Mysore Electric Industries Ltd.	12.50	100	10.00	10.00	10.00		
10.00	4.13	34.30	19.11	0.02	J. P. Mallappa (Chairman)	Mysore Lamp Works	15.00	10	0.70	N/A	N/A	1.00	
202.60	94.86	186.68	124.44	0.02	Sir A. Ramaswami Mudaliar (Chairman)	Mysore Tobacco	16.00	10	1.00	1.00	0.80		
10.00	21.00	10.00	10.00	0.02	M. B. Shah (Chairman)	National Insulated Cable Co.	12.44	10	2.00	0.60	0.60		
14.00	20.75	95.66	61.08	0.02	Sir A. Ramaswami Mudaliar (Chairman)	National Pipes & Tube Co., Ltd.	7.16	10	1.00	0.60	0.25	0.40	
130.00	81.65	203.48	141.47	0.02	K. N. Mookerjee (Chairman)	National Rolling & Steel Ropes	11.17	10	2.00	0.50			
70.07	207.65	232.82	145.64	0.02	M. K. Chorian (Chairman)	National Rubber Manufacturers Ltd.	7.00	10	1.20	1.00	0.50		
28.00	11.74	60.21	22.77	0.02	M. K. Chorian (Chairman)	National Tobacco Co.	13.47	10	0.50	0.45	0.50		
616.00	473.61	1,30.00	770.85	0.02	J. Linsink (Chairman)	Naraya Confectionery Ltd.	0.18	10	1.00	2.00	2.80		

COAL COMPANIES

(In lakhs of rupees)					Chairman, Managing Director or Secretary	Company	Latest available Quotation	Paid-up per Share	Dividend per Ordinary Share				Accounts Closed
Paid-up Ordinary Capital	Reserves	Gross Block	Depreci- ation	Carried Forward					1967	1968	1969	1970	
Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
61 00	39 40	197 54	128 85	0 02	M.	Amalgamated Coalfields	7 94	10	0 25	2 00	2 00	1 60	3
15 00	31 50	54 50	45 88		M.	Barrack Coke	10 12	10	0 00				3
190 00	364 97	18,25 06	873 48		Bhaaskar Mitter (Chairman)	Bengal Coal	142 00	100	10 00	12 00	12 00	12 00	10
7 16	14 94	24 77	1 85	-14 82	M.	Bibulnabarace	6 00N	10					4
15 00	35 55	99 22	59 43		B. Kanungo (Secretary)	Borra	13 62	10	N/A	0 50	1 25	1 25	12
121 23	153 85	761 50	446 44		B. Kanungo (Secretary)	Burrakur	12 00	10	1 30	N/A	1 20	1 20	6
26 14	24 55	219 90	25 98	-44 85	B. Fordwood (Chairman)	East Indian	7 00	51	2 00	N/A	N/A	N/A	12
30 54	1 45	607 79	455 80	-138 85	M.	Equitable	4 06	10	N/A	N/A	N/A	N/A	12
12 00	11 39	60 65	44 05		N. P. Kapadia (Chairman)	Hingir-Rampur	38 25	50	7 50	7 50	5 00	6 00	6
30 00	49 89	124 57	47 20		S. P. Chhober (Secretary)	Karapura Collieries	11 31	10	1 00	1 20	1 20	2 00	2
15 00	41 97	150 84	98 83		J. F. Brierley (Chairman)	Katras Jhorhri	10 00	10	0 50	1 00	1 00	1 00	1
31 48	1 06	14 16	10 56	0 66	M.	Nadras	1 00N	19					12
10 00	65 51	257 47	185 12		Bhaaskar Mitter (Chairman)	New Moorhoom	14 25	10	0 80	1 20	1 60	1 60	10
10 00	7 40	12 44	84 00	-0 67	M.	New Manbhoom	4 00	10					3
1 15	9 90	8 13	22 11k	0 09	M.	North West	8 25N	10					8
1 58	14 18	3 57	14 06k		M.	Ondal	6 62N	7 50					12
7 50	22 81	121 34	23 70	0 17	M.	Parasoa	13 25N	10	0 75	0 75	1 00	1 00	12
31 50	40 69	122 65	82 98	0 05	C. M. A. Bathurst (Chairman)	Pench Valley	7 75	10	1 25	0 75	1 00	1 00	3
52 48	66 50	342 06	206 40	0 16	M.	Raneegunge	10 06	10	0 50	0 75	1 00	1 00	3
40 50	32 74	132 50	78 18	0 06	A. W. B. Hayward (Chairman)	Rewa	27 00	10	1 25	1 25	2 00	2 00	12
37 50	42 06	133 89	87 75	-5 53	S. Jalpuria, Esq. (Chairman)	Sania Collieries	4 50	10					3
64 89	34 32	187 41	72 91	0 16	S. D. Bhethia (Chairman)	Sethia Mining	75 00	10	12 50	10 00	8 00	35 00	12
15 54	7 04	0 24	18 18k		M.	Sendra	4 76	10	0 35	0 35	0 70	0 70	12
553 40	202 31	26,65 08	12,23 85	-313 98	V. K. Rao, Esq. (Chairman)	Singurani	8 40	10	N/A	N/A	N/A	N/A	3
25 95	16 49	80 67	49 44		S. P. Chhober (Secretary)	South Karanpura	12 00	10	0 25	1 00	2 00	2 00	3
8 00	17 53	1 30	23 78k		M.	Standard	6 50	10	N/A	0 50	1 00	1 00	12
90 95	64 48	338 36	153 41	0 14	S. S. Banthia (Secretary)	Western Bengal	7 20	10	0 75	0 75	0 80	0 85	3

M.—Managed by the Board of Directors.

N.B.—Dividends are shown as taxable.

K=Investments.

PREFERENCE SHARES

Company	Amount issued (in lakhs) Rs. or £	Year of Issue	Rate per cent	Approximate Month of Payment	Latest available Quotation Rs.	Paid-up per Share Rs.	Company	Amount issued (in lakhs) Rs. or £	Year of Issue	Rate per cent	Approximate Month of Payment	Latest available Quotation Rs.	Paid-up per Share Rs.
BREWERIES AND SUGAR							ENGINEERING						
Bhopal Sugar T.F.C.	12 50	1937	5 00	April	60 00	100	Arthur Butler (Muzaffarpore)	1 60	1919	7 00	Mar.	3 75	10
Caww & Co. T.F.C.	8 00	1875	8 50	Mar.	70 50	100	Burn & Co., Ltd. (1st) T.F.C.	13 00	1905-98	7 00	Feb.	70 80	100
Caww & Co. T.F.C.	10 00	1905-24	8 00	Feb.	100 00N	100	Do. (2nd) T.F.C.	15 00	1902	6 00	Feb.	65 00	101
Dewan Sugar & Abkari T.F.C.	7 00	1920	7 00	July	4 20	5	Indian Iron & Steel Co., Ltd. T.F.C.	69 95	1950	5 00	Dec.	64 00	100
East India Distilleries Co.	23 00	1897	9 00	Jan.	17 85	51	Indian Standard Wagon T.F.C.	19 04	1918	7 00	June	60 00N	100
Gwalior Sugar B.O.	6 75	1940	7 00	Dec.	47 00	100	Jessop T.F.C.	20 00	1941	5 00	May	45 00	100
Do. (Non-redem.)	6 00	1940	7 00	Dec.	47 00N	100	Kamari Engineering Co.	15 00	1945	5 50	July	64 50	100
Punjab Sugar Co. Co.	6 00	1932	10 00	Oct.	11 00	10	Kumardhul Engineering T.F.C.	12 00	1915	4 00	June	41 00	100
Ramnagar Cane T.F.C.	4 00	1935-36	8 00	Aug.	60 00	100	Larsen and Toubro Ltd. T.F.E.	13 00	1946-47-51	5 00	Dec.	70 00	100
Ravilugan Sugar Co.	20 00	1946	5 00	Oct.	5 49	10	Mahindra & Mahindra T.F.R.O.	25 00	1946	6 00	May	83 50	100
Travancore C.T.F.	15 00	1946	5 00	Dec.	70 00N	100	McKenzie (1st) T.F.C.	5 50	1907	7 88	Mar.	78 00	100
Upper Ganges T.F.C.	12 00	1932	5 00	Dec.	90 00N	100	Premier-Construction (1st)	10 00	1936	6 25	Mar.	66 00	100
Do. C.R.O.	15 00	1946	5 00	Dec.	70 00N	100	Do. (2nd) C.	6 25	1936	6 25	Mar.	66 00	100
Walchandnagar T.F.C.	8 50	1946	10 00	April	65 00	100	Do. (2nd) C.	58 25	1947	4 50	Mar.	4 16	10
							Tata Iron and Steel (1st) C.	75 00	1908	6 00	Nov.	112 00	150
							Do. (2nd) C.	603 82	1908	7 50	May	85 00	100
COAL							JUTE						
Borra T.F.C.	14 00	1898-97	6 50	Oct.	61 00N	100	Agarpara T.F.C.	10 00	1937	7 00	Jan.	66 00	100
Burrakur (1st) T.F.C.	28 00	1901-19	7 00	April	75 00	100	Alexandra T.F.C.	9 00	1905	7 00	Feb.	47 00	100
Do. (2nd) C.	4 50	1946	6 00	Oct.	4 00	10	Alliance T.F.C.	15 00	1895	6 00	Mar.	26 00	100
Equitable T.F.	4 00	1895	8 75	Mar.	45 00N	100	Anglo-India T.F.C.	40 00	1917	7 00	May	73 00	100
Karapura Collieries Co.	9 99	1946	5 50	Mar.	34 00	10	Angland C.	5 50	1909	5 50	May	62 00	100
Khas Majara C.	1 93	1921	10 00	Mar.	7 00N	10	Do. (2nd) (J) C.	15 00	1945	4 50	June	42 00	100
New Beerhoom T.F.C.	2 00	1920	7 00	Jan.	7 00	10	Bally T.F.C.	20 00	1918	10 00	April	92 00	100
Ondal T.F.C.	2 00	1898-99	6 50	April	60 00N	100	Barnagore C.	22 00	1898	5 00	May	31 00N	65
							Birra C.	23 84	1919	7 50	June	64 00	100
COTTON							Calcutta T.F.C.	6 00	1904	6 50	Jan.	35 00N	100
Ahmedabad Advance T.F.C.	10 00	1939	7 14	April	71 50	100	Calcutta T.F.C.	10 00	1915	7 00	June	60 00	100
Basant Cotton T.F.	5 00	1938	6 25	Nov.	3 25N	10	Chitavalah T.F.C.	5 09	1928	7 00	Mar.	40 00	100
Borwah A. T.F.	6 00	1900	7 00	Feb.	89 00	100	Dalhousie T.F.C.	15 00	1903-13	7 00	May	88 00	100
Do. B. T.F.	14 75	1919	10 00	June	19 52	50	Empire T.F.C.	10 00	1912	7 00	Feb.	44 00	100
Bradbury T.F.	1 00	1928	7 00	April	83 72	100	Fort Gloster T.F.C.	14 00	1890-98	7 00	May	85 00	100
Cambodia T.F.C.	1 00	1928	7 00	April	83 72	100	Do. (2nd Pref.) T.F.C.	7 00	1945	5 00	May	54 00	100
Central India T.F.	50 00	1913	7 14	April	370 00	500	Fort William T.F.C.	10 00	1911	7 00	May	75 00	100
Century Spg. & Mfg. Co. B.O.	125 00	1936	8 57	Dec.	104 00	100	Ganges T.F.C.	6 00	1916	8 00	June	88 00	100
Colindale Pioneer C.T.F.	11 00	1912	6 00	May	85 00	100	Gouropore T.F.C.	26 50	1895	8 75	May	60 00	100
Egin T.F.C.	4 20	1943	5 00	July	8 25	10	Hoghtly T.F.	11 75	1913	10 00	May	10 00	10
Egin B. T.F.C.	25 00	1919	7 00	May	55 00	100	Howrah T.F.C.	8 75	1909	7 00	May	50 00	100
Kashmir T.F.C.	20 00	1919	10 00	June	98 00	100	Do. T.F.C. (I)	17 50	1903-06	7 00	May	60 00	100
Kashmir T.F.C. (2nd) T.F.	18 00	1937	6 00	Dec.	6 52	10	Hukumchand T.F.C.	40 00	1919	7 00	June	84 00	100
Kothari T.F.	6 00	1896	6 00	Dec.	6 52	10	Kamarkhaty T.F.C.	16 00	1898	6 00	Feb.	58 00	100
Lakshmi Vishnu Cotton T.F.C.	16 00	1896	6 13	Dec.	126 25	150	Kanharah T.F.C.	10 00	1900	6 00	Feb.	58 00	100
Morjee Goudaspg. & Wvg. T.F.C.	17 25	1947	6 48	Jan.	55 00	100	Kelvin T.F.C.	10 00	1907	7 00	Mar.	48 00	100
Myore Spg. Co.	7 45	1944	4 50	Mar.	8 76	60	Khardah T.F.C.	9 00	1895	6 00	May	50 00	100
National Rayon Co.	174 65	1947	5 55	Mar.	80 00	100	Kinnelon T.F.C.	15 00	1900-13	7 00	May	26 00	100
New Great	8 00	1913	5 50	Mar.	100 00	200	Landowne T.F.C.	15 00	1905	7 00	May	39 00	100
Pedar Mills Co.	10 00	1943	7 00	Feb.	58 00	100	Lawrence (A) T.F.C.	5 00	1907	7 00	May	55 00	100
Rajshahi C.T.F.	2 00	1932	8 45	April	23 40	50	Do. (B) T.F.C.	5 50	1907	7 00	May	55 00	100
Shree Nivas Cotton T.F.C.B.	2 50	1932	4 00	April	55 00	100	Nalhati T.F.C.	7 50	1905	7 00	May	52 00	100
Sudeshi T.F.C.	15 00	1935	7 14	April	75 00	100	Do. (2nd) (J) T.F.C.	10 00	1945	4 50	June	39 00	100
Sudeshi (Karnpur) C.	35 00	1927	8 57	June	61 00	100	National T.F.C.	5 00	1917	7 00	May	70 00	100
Travancore Rayon C.T.F.	50 00	1946	5 00	May	6 40	10	Nellimaria T.F.C.	5 00	1939	6 00	April	40 00N	100
Veolia (1st) C.T.F.	3 50	1941	6 00	Dec.	65 00	100	New Central T.F.C.R.	35 00	1915	7 00	Jan.	53 00	100
Do. (2nd) C.T.F.	1 50	1938	6 00	Dec.	67 22nd	100	Northbrook T.F.C.	15 00	1909	5 50	May	50 00N	100
							Reliance T.F.C.	20 00	1906-12	7 00	May	90 00	100
ELECTRICS							Samnagar Co.	51 50	1901	6 00	Feb.	51 50N	51
Andhra Valley Power Supply Co.	46 34	1917	7 00	May	62 00	100	Shree Ambica T.F.C.	11 70	1927	10 71	Mar.	25 00N	100
Angamastani Electric T.F.C.	24 10	1940	5 50	June	62 00	100	Tilghur C.	51 50	1897	6 00	Feb.	51 50	100
Calcutta Electric T.F.C.	10 00	1909-11	5 00	June	10 25	51	Union T.F.C.	10 01	1901	7 00	Mar.	60 00N	100
South Madras (1st) C.T.F.	25 00	1940	5 50	Sept.	8 90	100	Victoria C.	51 50	1898	6 00	Feb.	51 50N	51
Do. (2nd) C.T.F.	6 00	1940	5 50	Sept.	8 90	10	Waverly T.F.C. (I)	7 50	1913	10 00	Mar.	26 00	50
Sura Electric Co. C.T.F.	6 00	1899	6 50	April	89 50	100							
Sura Electric Co. C.T.F.	89 23	1901	7 00	May	81 50	100	Calcutta Tramways Co.	27 50	1906	4 50	April	8 75	51
Tata Power T.F.C.	84 97	1918	7 50	May	84 50	100	Indian General Nv. & Riv. Co.	13 44	1899	6 00	Mar.	25 00N	510
Vellore C.	1 25	1928	6 00	Dec.	2 54	10	India Steamship (W) T.F.C.R.	25 00	1924	7 14	Mar.	60 00	100
RAILWAYS, STEAMSHIP AND TRAMWAYS													

STATISTICS

INDUSTRIAL PRODUCTION

INDUSTRIAL PRODUCTION IN OCTOBER 1970

Industry	Weight	Unit	1969	1970			Percentage change in the latest month over	
			October	August	September	October	Previous month	Corresponding month last year
Mining and quarrying	9.72	Index	145.1	133.9	135.0	146.2	8.3	0.7
Coal including lignite	6.70	000 tonnes	6,310	5,820	5,910	6,060	2.5	-4.0
Iron ore	0.60	000 tonnes	1,751	1,579	1,726	1,863	7.9	6.4
Manganese ore	0.59	000 tonnes	110	111	110	125	13.6	13.6
Manufacturing	84.91	Index	164.9	170.0	172.1	164.1	-4.6	-0.5
Food manufacturing industries	12.09	Index	133.6	153.4	152.1	153.5	0.9	14.9
Flour milling and grinding	1.49	000 tonnes	170.0	208.3	217.2	214.7	-1.2	26.3
Sugar (refined)	3.58	000 tonnes	43.3	22.9	17.2	60.2	250.0	39.0
Vanaspati	1.09	000 tonnes	35.0	37.8	36.3	37.0	1.9	5.7
Tea	5.12	Million kgs.	50.4	60.4	59.3	57.3	-3.4	13.7
Beverage and tobacco industries	2.22	Index	156.1	163.6	163.8	152.6	-6.9	-2.2
Cigarettes	2.15	Crore nos.	473	510	509	480	-5.7	1.5
Textile industries	27.06	Index	108.8	110.4	110.4	103.3	-6.5	-5.1
Cotton spinning	11.79	Million kgs.	79.0	80.2	81.0	76.5 (a)	-5.5	-3.2
Weaving of cotton textiles	9.39	Million metres	347.3	339.0	345.7	321.0 (a)	-7.2	-7.6
Jute textiles	3.97	000 tonnes	76.9	83.0	89.6	76.9	-14.2	-0.0
Footwear, other wearing apparel and made-up textile goods	0.21	Index	173.8	178.7	173.2	134.7	-22.2	-22.5
Wood and cork except furniture	0.80	Index	233.7	162.4	202.5	97.3	-52.0	-48.4
Paper and paper products	1.61	Index	218.6	221.4	216.8	219.1	1.0	0.2
Newsprint	0.08	Tonne	4,348	3,566	3,160	2,520	-20.3	-42.0
Writing and printing paper	0.93	000 tonnes	36.1	40.5	39.8	40.1	0.8	11.1
Leather and fur products	0.43	Index	83.0	56.5	62.3	59.9	-3.9	-27.8
Rubber products	2.22	Index	171.2	216.6	243.9	183.0	-25.0	6.9
Automobile tyres	1.19	Thousand numbers	241.9	307.4	352.7	271.2	-23.1	12.1
Chemicals and chemical products	7.26	Index	228.0	223.4	230.5	217.9	-5.5	-4.4
Caustic soda	0.17	000 tonnes	31.5	31.7	30.5	31.5	3.3	0.0
Soda ash	0.14	000 tonnes	34.8	36.1	35.1	37.5	6.8	7.8
Sulphuric acid	0.01	000 tonnes	98.2	69.5	62.9	66.8	6.2	-32.0
Oxygen gas	0.11	000 cu. metres	2,650	2,750	2,750	2,775	0.9	4.7
Staple fibre	0.29	Tonne	6,148	5,897	5,144	6,697	30.2	8.9
Naphthols	0.11	000 kgs.	81.7	94.8	57.7	77.4	34.1	-5.3
Nitrogenous fertilisers	0.34	000 tonnes	51.7	53.6	64.3	67.1	4.3	29.8
Phosphatic fertilisers	0.12	000 tonnes	13.3	13.7	12.9	11.0	-14.8	-17.3
Paints and varnishes	0.22	000 kgs.	5,307	5,494	5,600	5,000	-10.7	-5.8
Soap	0.84	000 tonnes	18.8	18.6	19.6	19.6	0.0	4.3
Matches	0.50	Crore sticks	1,918	2,056	2,090	1,622	-22.4	-15.4
Petroleum refinery products	1.45	Index	263.2	290.4	282.4	321.4	13.8	22.1
Non-metallic mineral products	3.85	Index	187.1	195.6	191.7	187.3	-2.3	0.1
Cement	1.17	000 tonnes	1,223	1,197	1,068	1,160	8.6	-5.2
Basic metal industries	7.38	Index	210.5	185.7	203.5	207.3	1.9	-1.5
Finished steel	3.80	000 tonnes	404.0	342.3	406.4	408.8	0.1	0.7
Steel pipes and tubes	0.60	000 tonnes	26.6	13.5	14.3	13.4	-6.3	-49.6
Aluminium ingots	0.14	000 tonnes	10.9	14.6	14.5	15.2	4.8	39.5
Aluminium sheets and circles	0.23	Tonne	3,071	3,606	3,600	3,550	-1.4	15.6
Metal products	2.51	Index	199.8	210.6	204.0	189.3	-7.2	-5.3
Bolts, nuts and rivets	0.61	Tonne	1,514	2,101	2,130	1,219	-42.8	-19.5
Non-electrical machinery	3.38	Index	329.1	371.0	368.0	328.4	-10.8	-0.2
Diesel engines (Stationary type)	0.14	Rs crore	3.12	1.69	2.46	1.73	-29.7	-44.5
Power-driven pumps	0.23	Rs crore	0.63	0.82	0.89	0.67	-24.7	6.3
Machine tools	0.39	Rs crore	2.36	3.68	3.61	3.62	0.3	53.4
Sewing machines	0.23	Rs lakh	42.57	13.41	34.97	23.52	-32.7	-44.8
Electrical machinery	3.05	Index	470.1	352.9	370.3	359.9	-2.8	-23.5
Power transformers	0.38	000 KVA	502.1	450.4	571.9	597.6	4.5	19.0
Rubber and plastic cables	0.30	Lakh metres	296.4	294.1	381.7	327.5	-14.2	10.6
Electric fans	0.41	000 Nos.	103.4	120.6	142.6	110.7	-22.4	7.1
Radio receivers	0.61	000 Nos.	151.8	149.4	161.5	155.4	-3.8	2.4
Transport equipment	7.77	Index	126.9	125.0	116.1	113.2	-2.5	-10.8
Railway locomotives	1.13	Number	10	10	9	9	0.0	-10.0
Railway wagons	2.37	Number	1,288	902	768	746	-2.6	-42.1
Automobiles	2.11	Number	5,265	6,768	6,729	6,720	-0.1	27.5
Miscellaneous	1.23	Index	112.9	109.1	108.8	103.1	-5.2	-8.7
Electricity generated	5.37	Million KWH	4,334	4,533	4,513	4,513 (b)	0.0	4.1
General Index :								
(a) Crude	100.00	Index	171.1	175.1	177.0	171.2	-3.3	0.0
(b) Seasonally adjusted	100.00	Index	177.7	174.3	178.2	177.7	-0.3	0.0

NOTES : (a) Estimated. (b) Repeated.

SOURCES : Central Statistical Organisation (Industrial Statistical Wing), Monthly Bulletin Showing Production of Selected Industries of India and Index of Industrial Production Mimeo October 1970 and previous issues.

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	21-5-1971	14-5-1971	22-5-1970
Issue Department			
Notes held in Banking Department ..	16.62	10.17	12.48
Notes in circulation ..	4,397.86	4,424.52	4,039.03
Total notes issued ..	4,414.49	4,434.70	4,051.51
Gold coin and bullion ..	182.53	182.53	182.53
Foreign securities ..	303.42	303.42	398.42
Rupee coin ..	40.61	40.53	55.03
Government of India rupee securities ..	3,887.92	3,907.92	3,417.52
Banking Department			
Deposits of Central Government ..	55.16	83.70	1,06.46
Deposits of State Governments ..	4.15	3.18	5.74
Deposits of Scheduled Commercial Banks ..	208.44	228.31	193.52
Deposits of Scheduled State Co-operative Banks ..	9.85	10.16	9.06
Deposits of Non-Scheduled State Co-operative Banks ..	0.80	0.80	0.65
Deposits of other banks ..	0.32	0.27	0.22
Other Deposits ..	66.26	66.72	107.73
Other liabilities ..	755.76	759.66	616.65
Total liabilities or assets ..	1,190.73	1,152.80	1,049.63
Notes and coins ..	16.69	10.24	12.57
Balances held abroad ..	75.82	73.03	114.10
Loans and advances to—			
(i) Central Government ..	—	—	—
(ii) State Governments ..	401.84	401.88	207.84
Loans and advances to Scheduled Commercial Banks ..	125.49	208.19	285.66
Loans and advances to State Co-operative Banks ..	261.70	265.56	245.67
Other loans and advances ..	40.34	39.00	10.03
Bills purchased and discounted ..	44.10	31.29	7.98
Investments ..	80.84	73.55	100.69
Other assets ..	53.92	50.06	50.20

Note: The gold reserves of Issue Department are valued at Rs 53.58 per 10 grams upto January 31, 1969 and at Rs 84.39 per 10 grams thereafter.

COST OF LIVING INDEX : 1970-71 (Base: 1960=100)

Centre	Industrial workers			Urban non-manual employees		
	Dec.	Jan.	Feb.	Oct.	Nov.	Dec.
Ahmedabad ..	177	175	175	173	172	171
Ajmer ..	184	183	N.A.	170	170	169
Alwaye ..	197	195	192	(a)	(a)	(a)
Amritsar ..	194	191	N.A.	192	188	187
Bangalore ..	190	190	188	174	176	176
Bombay ..	183	181	182	171	171	168
Calcutta ..	185	177	175	175	174	171
Delhi ..	202	203	205	176	174	173
Digboi ..	195	190	185	(a)	(a)	(a)
Gwalior ..	180	189	189	195	192	189
Hyderabad ..	191	189	186	176	177	177
Jamshedpur ..	181	178	177	(a)	(a)	(a)
Kanpur ..	189	189	N.A.	181	179	176
Madras ..	174	173	172	178	180	181
Nagpur ..	191	188	185	171	170	168
Patna ..	(a)	(a)	(a)	194	194	191
Sambalpur ..	184	185	N.A.	180	180	176
Shillong ..	(a)	(a)	(a)	171	172	166
Srinagar ..	172	174	N.A.	185	186	187
Thiruvandrum ..	(a)	(a)	(a)	180	181	182
Yamunanagar ..	192	193	N.A.	(a)	(a)	(a)
All-India ..	186	184	184	177	177	175
All-India (corresponding month of 1969) ..	177	177	177	168	167	168

(a) The original source of data does not cover this centre.

MONEY RATES*

	1971			1970
	May 21	May 4	May 7	May 22
Reserve Bank of India (Bank Rate) ..	6	6	6	5
Selected Major Scheduled Commercial Banks†				
Call money from Banks:				
Bombay ..	5.50	6.05	6.00	6.54
Calcutta ..	—	5.80	5.61	6.92
Madras ..	—	6.00	—	6.97

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.

† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	For the week ended (Friday)		
	21-5-1971	14-5-1971	22-5-1970
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	150.20	145.53	122.34
(ii) From others ..	2,661.03	2,636.77	2,253.46
(b) Borrowings from banks ..	44.56	34.30	23.41
(c) Others ..	163.13	163.11	139.55
2. Time liabilities—			
(a) Time deposits—			
(i) From banks ..	31.19	32.19	31.34
(ii) From others ..	3,390.42	3,371.68	2,867.92
(b) Borrowings from banks ..	7.40	7.40	6.49
(c) Others ..	43.52	44.97	29.40
3. Aggregate deposits (1) (a) (ii) + (2) (a) (ii) ..	6,051.45	6,008.45	5,121.38
4. Borrowings from Reserve Bank ..	125.49	208.19	285.66
(a) Against usance bills and/or promissory notes ..	69.47	99.30	91.83
(b) Others ..	56.02	108.89	193.83
5. Borrowings from State Bank and/or a notified Bank and the State Governments ..	51.11	48.21	62.46
6. Cash ..	176.13	169.64	154.90
7. Balances with Reserve Bank ..	201.03	198.01	179.46
8. Cash and balances with Reserve Bank ..	377.16	367.65	334.36
9. 8 as per cent of 3 ..	6.23	6.09	6.53
10. Balance with other banks in current account ..	68.60	67.06	57.44
11. Money at call and short notice ..	46.49	38.07	35.24
12. Investments in Government securities ..	1,361.94	1,361.36	1,183.03
13. 12 as per cent of 3 ..	22.51	22.06	23.10
14. Advances—			
(a) Loans, cash credits and overdrafts ..	3,756.23	3,721.14	3,402.12
(b) Due from banks ..	35.73	33.32	40.17
15. Inland bills purchased and discounted ..	733.41	747.13	534.14
16. Foreign bills purchased and discounted ..	215.13	211.86	190.34
17. Total Bank Credit (14 (a) + 15 + 16) ..	4,704.77	4,683.13	4,126.60
18. 17 as per cent of 3 ..	77.76	77.94	80.58

MONEY SUPPLY WITH THE PUBLIC

(Rs in crores)

	May 14, 1971	Variation over preceding		
		Week	Month	Year
Money Supply with the Public ..	7,364	18	22	730
Currency with the Public ..	4,599	21	40	365
Deposit Money with the Public ..	2,765	3	18	365
Factors affecting Money Supply				
Net Bank Credit to Government Sector ..	5,707	75	168	820
Net Bank Credit to Commercial Sector ..	2,025	1	64	167
Net Foreign Exchange Assets of Banking Sector ..	557	3	14	115
Other factors ..	925	61	96	132

RBI INDEX NUMBERS OF SECURITY PRICES

(1961-62=100)

Groups	Week ended		
	22-5-1971	24-4-1971	23-5-1970
Debentures—All-India ..	92.9	93.1	93.6
Preference Shares All-India ..	84.9	85.3	87.9
Variable Dividend Industrial Securities			
Agriculture and Allied Activities ..	88.4	88.4	87.1
Mining and Quarrying ..	54.0	54.3	54.4
Processing and Manufacturing ..	96.4	96.3	94.7
All-India—Total ..	99.3	101.3	97.7
Regional			
Bombay ..	109.6	114.6	110.9
Calcutta ..	96.4	96.4	91.7
Madras ..	88.6	88.5	86.6
Ahmedabad ..	78.0	80.0	82.4
Delhi ..	113.6	115.5	119.0

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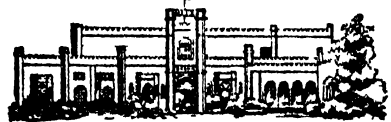
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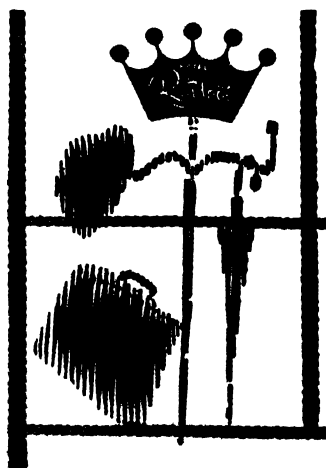
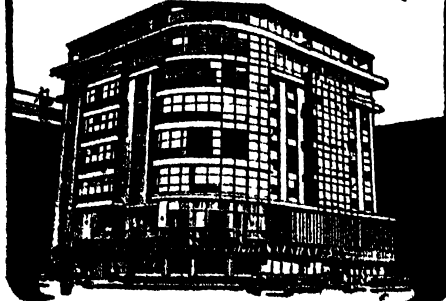
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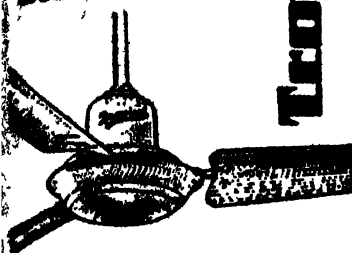
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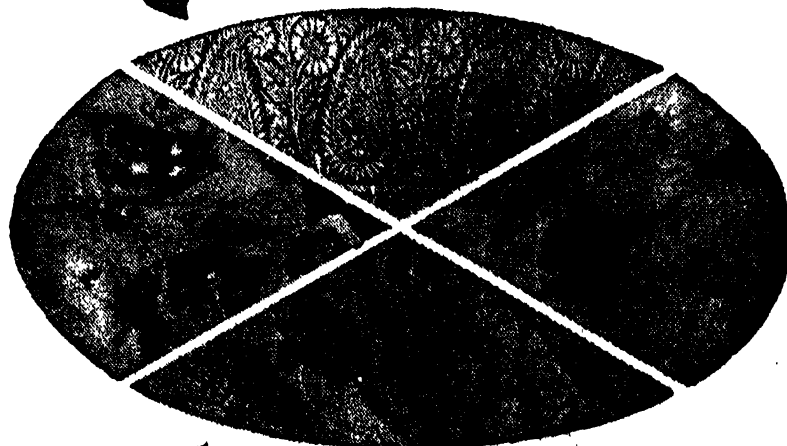
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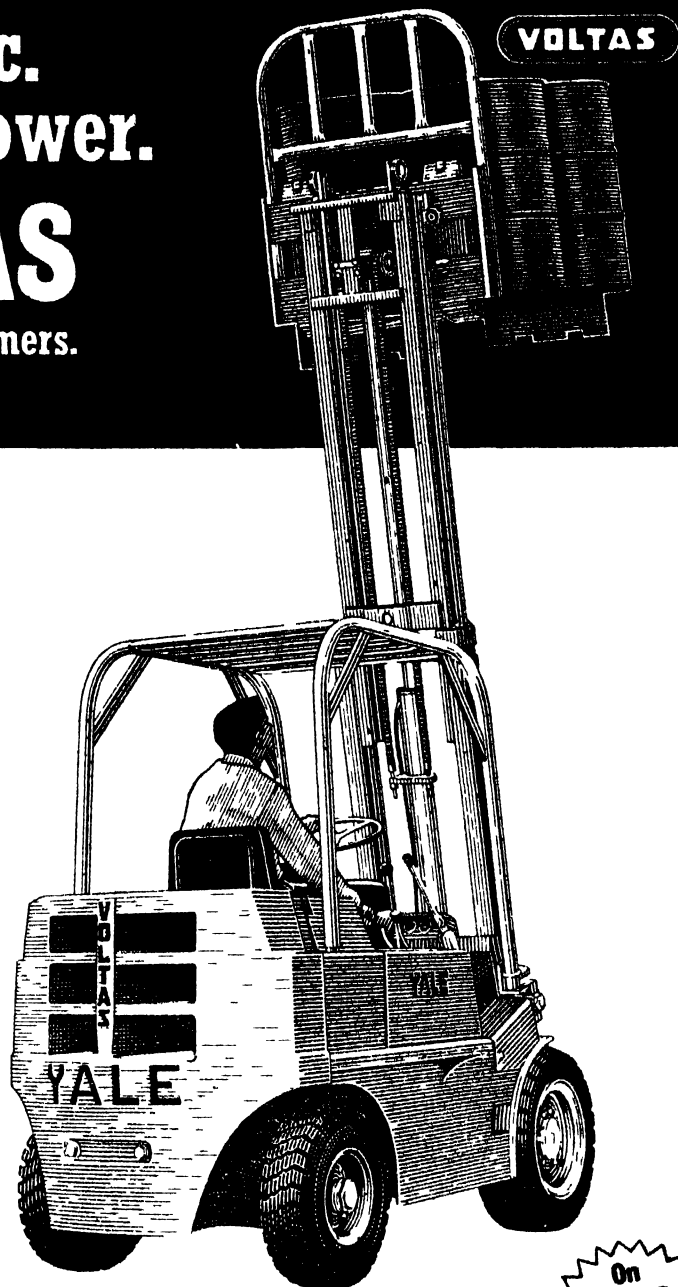


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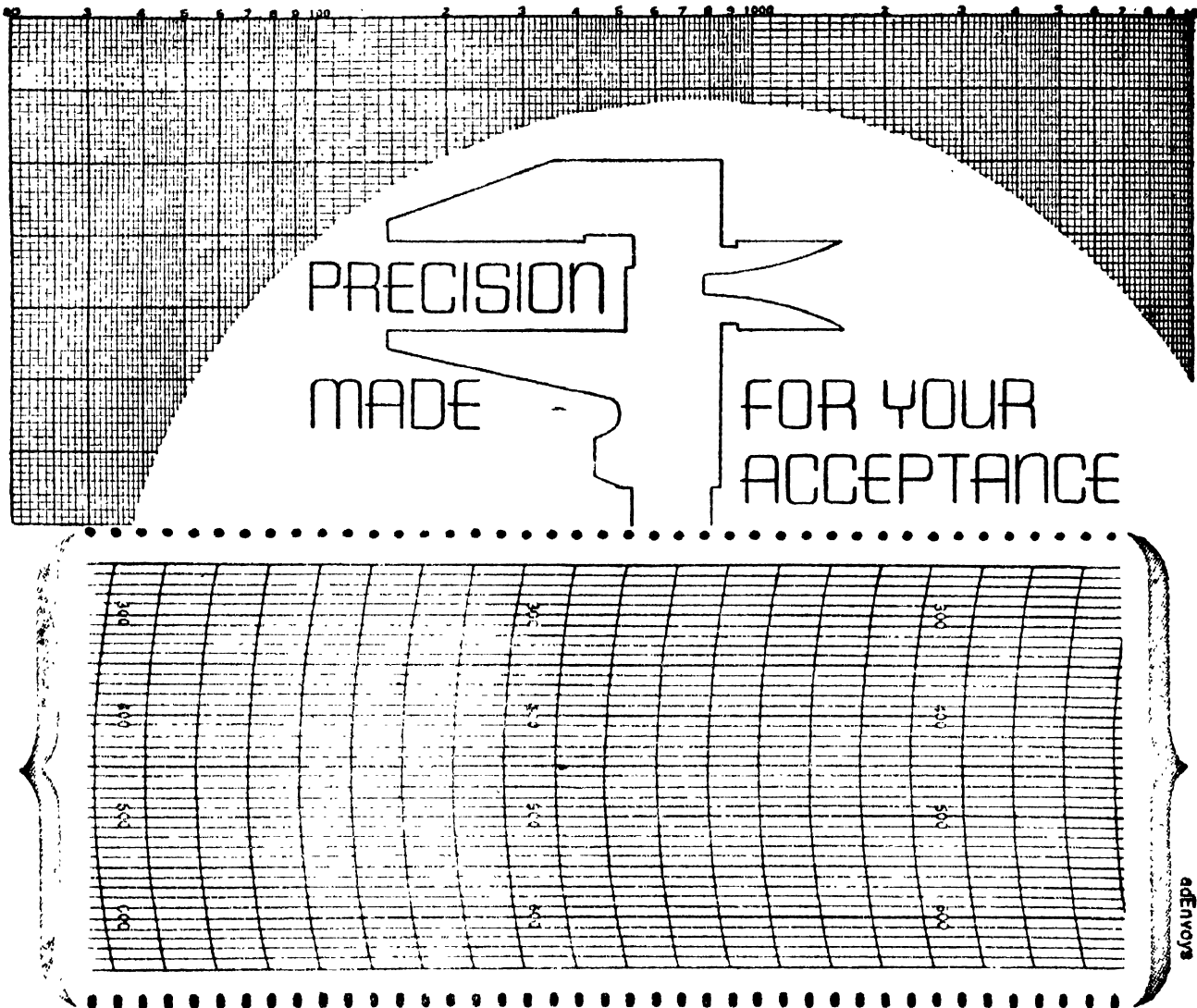
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A poser to the Centre

THE report of the Rajamannar Committee on Centre-State Relations, appointed by the Tamil Nadu Government, has evoked a lively controversy in political quarters and elsewhere. The Committee itself has stated that the main objective before it was "to secure for the States fullest extent of autonomy within the general framework of the Constitution, without in any way impairing the integrity of the country." This is a formula which can be adopted as a basis for discussion. But the real issue would be to determine whether this formulation of the problem involves any contradiction. The Committee is of the view that when the Constitution was on the anvil there were some apprehensions regarding attempts at disruption of the integrity of the country and that some of the provisions of the Constitution reflected this anxiety. Was this fear exaggerated? Are there at the moment no forces challenging the integrity of the country? Is it possible to devise an arrangement whereby when such integrity is threatened the nation and its resources could be mobilised fully to deal with such threats? It is not difficult to consider all these questions dispassionately and to forge a consensus that could be accepted by all the parties concerned.

The Committee has accepted that the general trend of the recommendations is in favour of autonomy for the States. It considers that this is an ideal federal arrangement. In view of this it has recommended deletion of a number of Articles of the

Constitution that deal with the emergency provisions and issue of directions to the States by the Union. It has suggested that no appeal from the High Court should lie to the Supreme Court except in a case involving Constitutional issues or the interpretation of a Central Act. The schedules to the Constitution would be modified if its recommendations are accepted in a manner whereby the States would get more powers, fiscal as well as legislative. There are recommendations regarding the office of Governor. The Governor should be appointed in consultation with the State Cabinet. He should be liable to removal only for approved misbehaviour or incapacity after an inquiry by the Supreme Court. The President should issue instruments of instructions to the Governor dealing with who should be appointed as Chief Minister and also under what circumstances he should be dismissed. The instrument would also lay down that the Governor should exercise discretion only in relation to matters in respect of which the Constitution makes a special provision. The President's rule could be imposed only when there is a complete breakdown of law and order in a State or when the State Government itself is unable or unwilling to maintain the safety and security of the people and property in the State. If all these recommendations are accepted, there might arise a situation in which the integrity of the nation might be in jeopardy and any measure adequate to deal with the situation might prove difficult. There is here ample scope for critically examining the full implications of these recommendations.

so that the integrity of the country could be placed at the centre of the main concern of the Constitution.

Advocates of greater autonomy to the States could possibly maintain that the constitutional provisions and practices dealing with fiscal and economic matters are the real source of friction. As far as fiscal matters are concerned, there is some ground for re-examination. It is true that the States have not made full use of the fiscal powers vested in them. They have heavily depended on the Centre for their financial requirements. They have resorted too frequently to the overdraft facilities to get them out of financial stringencies. There is, however, some truth in the contention of the States that the items available to them for taxation are such that it is difficult for them to exploit them to the full due to political reasons. These items again are not elastic enough to enable the States to discharge the heavy responsibilities that are imposed on them due to what is popularly called the explosion of expectations.

Still more important, however, is the issue of economic power in a planned economy. Government at the Centre has a major say in determining plan priorities, location of industries, incentives to industries and cognate matters. The Ministers and Secretaries who have to deal with these problems do acquire huge powers. These ministries thus become prestige ministries giving special status and even privileges to the persons in authority. There are no ministries of equivalent stature in the States. The result is that the cream of the civil services tends to get concentrated in New Delhi and the State Governments find it difficult to get the best talents. These dangers should be attended to and methods should be devised whereby effective economic power is shared between the Centre and the States.

The Committee has suggested certain institutional arrangements to bring about co-ordination among States and between the States and the Centre on matters of common interest. The immediate setting up of an Inter-State Council under Article 263 of the Constitution consisting of all the Chief Ministers or their nominees with the Prime Minister as its Chairman has been recommended. It is also provided that no other Union Minister should be on the Council. This Council is to consider every bill or a decision to be taken by the Union Government having national importance or likely to affect the interests of one or more States. The decisions of this Council should be binding on the Centre and the States. While there is a need for an Inter-State Council it is a matter for debate whether it should be invested with such drastic powers as would take away the rights of Parliament and the Union executive as they are exercised today.

The other suggestion is that there should be a permanent Finance Commission with its own secretariat. This recommendation is worth considering. This body is to be entrusted with the task of determining grants by the Centre to the States both for Plan and non-Plan expenditure and its recommendations have to be binding on all the parties. The Planning Commission, it is recommended, should be placed on an independent footing without being subject to control by the Union executive or to political influences, and it should be put on a statutory basis. It is also suggested that the provisions in the Industries Regulation and Control Act relating to grant of licence should be completely omitted. These recommendations also reflect the growing uneasiness among the States regarding the immense powers that are today concentrated in the Union executive. Either some very well defined rules should be laid down for the exercise of these powers so as to immunise it from party politics or the Union executive should be ready to share these powers with the States. All these questions are so vital to the peace and prosperity of our country that nothing can be decided on an *ad hoc* basis. Very detailed discussions and exchange of views are necessary. The point is that this process should start immediately. Otherwise the frustrations and recriminations might lead to avoidable explosive situations.

The scarcer cotton

LAST October the International Cotton Advisory Committee had sounded a note of caution that supplies of cotton during the current season were likely to be lower than in 1969-70. This development, according to the committee, would be the result of the decline in the opening carry-over on August 1, 1970, from the previous year's 23 million bales to 21.39 million bales. As for production the committee had, in fact, expected a recovery from the disappointing 1969-70 level of 52 million bales. This assessment was based on the expectation of a higher output in the US and the USSR. But with bad weather in the Texas and in the south-eastern region hitting the US crop hard, the situation would appear to have turned worse than envisaged by the committee. The US crop estimates have been reduced sharply from 12 million to 9 million bales. With a carry-over of just 4.5 million bales on August 1, 1970, this has put the US cotton economy in a vulnerable position. Domestic demand has usually been of the order of 8 million bales, which means that this year's production would just meet the needs of the domestic mill industry and other consumers. The possibility of the US, which has been the major exporter for the past 10 years, turning into an importer is thus not ruled out. Should this happen, a critical situation will have been reached in world cotton supply. The implications of this for us will be far-reaching, particularly at a time when we have run into an acute shortage of this fibre.

The Union Minister of Foreign Trade, Mr L. N. Mishra, has announced that the Government plans to import 10.55 lakh bales of cotton during the current season ending August. The imports have been moving at a slow pace and the cotton textile industry has already felt the pinch. The sharp fall in US cotton output is sure to cast doubts on the ability of the Government to arrange for the contemplated supply of the fibre. The UAR has already let it be known that she has no extra cotton to sell to us. It is unlikely that the US which, often in the recent past, has been the source for more than half of our imports can help us at all; in fact, the prospect is that the US might be forced to import the fibre, and even if it chooses to offer us limited quantities these might well be at a very high cost. According to reports from the US, speculative trading has already pushed up the prices of cotton on the New York Cotton Exchange. Costlier cotton from abroad and in inadequate quantities is the situation which our mill industry is likely to face this season. With domestic production placed at no more than 54 lakh bales, the total availability will be much short of the requirements, with its consequent adverse impact on cloth production and on the fortunes of the industry. Imports of staple fibre in large quantities could be a way out, but many in the textile industry have already begun wondering whether such imports are worth our while with the imposition of a 100 per cent duty in the latest Budget proposals.

Mr Mishra has resigned himself to a cotton shortage in the country for several years to come. The Cotton Development Council, too, displayed a similar mood when it met in Bombay last May. With the 1970-71 output some 11 to 12 lakh bales short of the 65 lakh bales target fixed by it, the Council saw no point in placing before the cotton growers a higher goal for 1971-72. This is a desperate attitude to take and could starve our people of the needed cloth because the mills will not have enough raw material to process. There has been apathy on the part of the Union and State Governments towards cotton development programmes, and the allocations made for them have been miserly. It should not be impossible for the Government and the cotton mill industry jointly to make an annual investment of Rs 10 crores over the next few years in implementing programmes to double the productivity of cotton. The projects undertaken by the Indian Cotton Mills Federation have shown that this can work.

It is regrettable that so sincere a socialist as Mr Chavan has applied double standards in his Budget for the implementation of his progressive policies. To put it bluntly, according to Mr Chavan's Budget, there are two classes of citizens—one, normal citizens like you and me, and the other, Ministers. In his Budget speech he declared: "I am firmly of the view that the fiscal instrument must be deployed to discourage payment of high salaries and remuneration which go ill with the norms of egalitarian society." Then he proposed a ceiling on the remuneration and perquisites of company employees at Rs 6,000 per month—Rs 5,000 salary and Rs 1,000 perquisites. Mr Chavan also proposed to reduce the taxable limit of daily allowances of employees while on tour. It is surprising that he kept quiet about the perquisites and the tour expenditure of Ministers. His espousal of egalitarianism would have gained greater credibility if he had included Ministers also in his tax net.

This was all the more necessary because we do not hope to see our socialist Ministers setting an example by voluntarily giving up their palatial residences, retinue of personal assistants, peons, gunmen and mallas, imported air-conditioned cars, unlimited entertainment at State expense (which is in addition to the handsome tax-free sumptuary allowances) and the host of other perks, visible and invisible. All these are paid out of the tax-payers' money. Some time ago Mr N. Dandekar, a former member of the ICS and a former Income-tax Commissioner, disclosed that a Union Cabinet Minister earns in effect nearly Rs 40,000 a month if one took into account such perquisites as subsidised housing, servants, personal staff, free furniture, water, electricity and free travelling. So the earnings of our Cabinet Ministers are nearly three times those of a seniormost executive who is dubbed monopolist by the socialist angels. I do not mind a Minister getting Rs 10,000 a month. What I want to emphasise is that whatever is given to the Minister by the exchequer should be brought within the purview of Mr Chavan's fiscal net. Those who talk about the norms of egalitarian society should not impose two norms for income-tax—one for the ordinary citizens and the other for themselves.

★

I notice that the younger generation is getting increasingly disgusted with the hypocrisy in public life which the current year's Budget so glaringly symbolises. Commenting on Mr Chavan's decision to impose an overall ceiling on remuneration and perquisites and a heavy duty on motor spirit, my 16-year-old son said: "Our Ministers are really *gathias* (clever chaps). When Ministers from Delhi enter the city of Bombay with three cars in front and three behind, who pays for the petrol consumed by this cavalcade?" Normally, like all youngsters my son is mostly interested in space travel, sports and films. So I was quite surprised when he made these remarks about our public life. One finds that in Ceylon it is the young boys and girls who have threatened the very foundations of the Ceylonese society. It is again the flower of Indian youth that has been swelling the ranks of Naxalites. The prevalence of dual standards in our public life provokes young men to discard peaceful methods which they equate with the norms of present-day society. So, along with the bath water of our hypocrisy

EDITOR'S NOTEBOOK

the young men and women would like to throw out the baby of our society as well.

A similar issue has been raised recently in the UK where the Editor of *New Statesman* has shocked the monarchy-loving British subjects. Accusing the Queen and her family as "The Royal Tax Avoiders", Mr Crossman asks in the May 28 issue of the *New Statesman*: "What is the connection between the way in which we pay and tax—Her Majesty the Queen, and the Paris Commune, which collapsed in bloody ruins a hundred years ago this week? The connection, one which Marx would instantly have perceived, is the effort established societies make to maintain the class structure." What is relevant to the Indian situation is Mr Crossman's statement that society is still governed by the principle that "different social categories deserve fundamentally different treatment from the state." In England it is the Royal family vs the people. In India it is the Ministers vs the people. Perhaps the privy purses will be abolished in a peaceful manner. One hopes this great country will not be plunged into a blood bath for the abolition of the privileges of the new class which has been ruling India in the States and at the Centre. Reflecting on the occasion of the centenary of Paris Commune, the noted British historian, A. J. P. Taylor, appropriately observed: "The Commune illustrates the general principle that a revolution occurs not simply as a result of material suffering, but when a regime is discredited by incompetence and failure. This is what happened in 1871." A regime can only be discredited by incompetence and failure when it adopts two standards, one for the people and the other for itself.

★

If one finds my comparison of the present situation in India with that of Paris Commune in 1871 a little exaggerated, one should read the fantastic account of a marriage ceremony of the son and daughter of Mr Shankarrao Mohite Patil, an MLA from the Sholapur district of Maharashtra belonging to Mrs Gandhi's Congress party. The country should be grateful to *Kesari* of Poona and *Maharashtra Times* of Bombay for describing in detail the ceremony which was held on May 17 at Akhuj in Sholapur. *Maharashtra Times* has published in its issue of May 31 a detailed report from "An Invitee to the Ceremony", with the appropriate caption "Never again such fun can you see, Man". A recital of the bare facts in the report may lead one to exclaim: "Only a bloody revolution can save this country". Nearly one lakh people were fed at this wedding ceremony, the preparations for which had been made by 27 committees comprising prominent citizens who were on their feet for months together. Ghee worth Rs 27,000 was used in feeding the invitees, who included 10 Ministers from the Centre and the State, led by the Finance Minister, Mr Y. B. Chavan. Five thousand fluorescent tubes and a lakh and a half coloured bulbs were used for the decoration of the marriage

pandal (as a result of these festivities indulged in by a single Congress MLA, electricity supply to the neighbouring flour mills and agricultural pumpsets had to be stopped). Seven hundred vehicles plied between Sholapur and Akhuj. Appropriately for such an occasion, the wedding presents received included one Ambassador car, one Fiat car, one jeep, and 500 gold rings weighing about a tola each. Our rulers have lost all sense of shame. Had it not been so, Mr Mohite Patil would not have defended this extravaganza in a speech at the ceremony in these words: "This marriage ceremony is of the people. People are participating in it with enthusiasm and with a sense of belonging. I have not done anything."

★

In this column on January 5, 1969, I suggested that the purpose of our P Form would be better served if we followed the Israeli example of imposing a tax on those who went abroad. I must congratulate Mr Chavan on levying a tax at the rate of 20 per cent *ad valorem* on tickets purchased in rupees for overseas trips. In Israel also you are required to pay tax at 20 per cent of the cost of the ticket to the exchequer. While emulating the Israeli example, the Finance Minister has not done away with P Form which still remains with us in an attenuated form. He is trying to have the best of both the worlds. He would like to impose a tax on foreign travel as well as retain the P Form. The retention of P Form after the imposition of tax on foreign travel is indefensible.

★

During my recent visit to Japan and Hongkong I came across several instances which indicated that China has again become a normal country. Who reversed the gears of the cultural revolution? A Japanese student of China affairs told me that the Chinese army was fed up with the chaos of the cultural revolution. It wanted more modern arms and less of Mao's puritanism. So the army took the matter into its hands and opened the doors of the country to the outside world. This impression is confirmed by a letter we received from a West European journalist who recently visited China. He writes:

I am just back from China after participating in ping-pong diplomacy. China is a very different country from 1967, it is almost like it was before the cultural revolution, with a few exceptions. What struck me most strongly was the obvious dominance of the PLA (People's Liberation Army) who have almost started to behave like a new elite. There is, however, a tendency to allow more democratic procedures in the various decision processes on the different levels, within the framework of 'democratic centralism'. China is, of course, very far from being an open country, but it is more open than it was before the cultural revolution in many aspects.

MARKET GOSSIP

Meaningful bonus issues

LAST year, the Controller of Capital Issues came out with a set of guidelines on bonus issues. They had a healthy impact on the corporate sector. But obviously the Government thought that the restrictions imposed on the issue of bonus shares were not enough. Last week some modifications were announced and these should be welcomed. The residual amount of reserves left after the proposed capitalisation should now be at least 33-1/3 per cent instead of 20 per cent as at present, of the increased capital. One view on the guidelines is that if the Finance Minister avoided taxing bonus issues, the same objective has been achieved by laying down the minimum requirement of 33-1/3 per cent of residual reserves. This would have the effect of discouraging bonus issues. The Government has not yet come out with what constitutes the reserves. But according to New Delhi reports, development rebate is to be included in the reserves. In the case of companies which have large amounts in development rebate this could soften down the rigours of the enhanced proportion.

Though from the investor's point of view the guidelines tend to limit the scope for large bonus issues, it would be a blessing in disguise. There have been occasions in the past when some of the giants in the corporate sector issued bonus shares but immediately followed it up by curtailment of dividend. In some cases the dividends were even halved. It is to meet this situation that the guidelines provide that in the notice issued to shareholders for seeking their approval to a bonus issue, there should be a clear indication of the intentions of the management as regards the first annual dividend payable on the expanded capital of the company. The issue of bonus shares could, therefore, be more meaningful by a real increase in the reward to the investors. Market circles expect that the Controller of Capital Issues would expedite the sanction of bonus issues once they are approved by the general body meeting after taking note of the intentions of the company about future dividends. □

Cruel joke on mills

BOTH the cotton mill industry and the ready-made garment industry have urged the Union Finance Ministry to reconsider the excise imposts levied under the Budget with a view to providing suitable relief. It is the cotton mill industry's contention that the levy on coarse and medium varieties of cloth, although raised with a view to making good the loss of the State Governments, which have been denied the revenue from the sales tax on this account, is bound to hit the "janata" cloth consumer. Already during the current cotton year, the prices of all types of cloth had reached unconscionably high levels and as such the additional levy could have been avoided, it is being argued. If the industry had not officially taken exception to this aspect it is because

the representative organisations had themselves pleaded for additional excise levy in lieu of sales tax, opting in favour of the lesser evil.

The levy of a 100 per cent import duty on staple fibre comes in the nature of a cruel joke on the mill industry as it had been promised a fairly good chunk of staple fibre to supplement its cotton shortage. It is a moot point whether, with the added burden, it would be worth the while of the millowners to go in for staple fibre, cotton shortage or no cotton shortage. The irony of it is that staple fibre is the only man-made fibre which can be considered cheap enough for the common man to go in for an occasional shirt. Quite a few small-scale weavers in Surat and Ludhiana, who are the bulk consumers of staple fibre, have been adversely affected.

Although with the onset of the monsoon the slack season for textiles has commenced, inducing many of the garment retailers to offer discounts, ranging from 5 per cent to 50 per cent, the price of branded goods of reputed manufacturers has been put up since the Budget, the rise ranging from Rs 4 to Rs 7 per shirt. And there are no buyers. One can visualise brand tags gradually disappearing once the retailers are hardpressed. And the next step would be the flooding of the market, in due season, with spurious products and the salesmen whispering to you that the stuff that he is selling is really Mafatlal's or Binny's. Only the tag is not there for obvious reasons! □

Budget and foreign investor

IF the Indian entrepreneur is disappointed with the Budget, the foreign investor, too, finds little in the proposals to be cheerful about. First, there is the ceiling for him of Rs 6,000 on salaries and perquisites, which means that amounts exceeding the ceiling would not be deductible in the computation of taxable profits. Normally, foreign corporate companies pay much higher remuneration than this ceiling to the top personnel. This cannot be reduced and to that extent the profits available for distribution and ploughing back into business will be smaller.

Secondly, the Finance Minister has withdrawn the concessional treatment of dividends received by foreign companies from a closely-held Indian company engaged in a priority industry. So far, the tax on dividend was 14 per cent. Now the foreign collaborator will be required to pay a tax of 24.5 per cent. This enhancement in dividend tax is described as an unkindly cut particularly when the closely-held companies have to pay the usual corporation tax of 60 per cent. The foreign investor has also been deprived of another concession. He was exempted from the capital gains tax if he invested the appreciation in capital in specified Government

securities or in approved new enterprises. The Government's contention is that this concession had not proved beneficial in any particular way and the investments visualised from this concession, if any, were marginal. This may be true, but perhaps the most worrying point from the point of view of the foreign investor is that assurances given earlier are now sought to be cancelled. □

NRC: Another proxy battle?

THE trial of strength between Chinais and Kapadias for the control of National Rayon Corporation promises to continue. Market circles think that the next annual general meeting of the company, scheduled to be held on July 20, may witness another proxy war, much bitter than that of last year. Each of the groups is expected to sponsor its own candidates for elections to the board and thus join the proxy battle. Meanwhile, the Company Law Board last week decided that there is need to take action to ensure smooth working of the company under section 408 after affording an opportunity to the company to make representation in this behalf. The section empowers the Central Government to appoint not more than two persons as directors for a period not exceeding three years to prevent the affairs of the company being conducted in a manner oppressive to any members of the company or prejudicial to the interests of the company. □

Jayanti's future

THE question whether the large fleet of Jayanti Shipping Company consisting of eight bulk carriers, three oil carriers, two tankers and three dry cargo vessels will pass into the hands of the private sector or remain with the Shipping Corporation of India will be decided on June 14. On that day 212,472 shares of the company standing in the name of Dr Jayanti Dharma Teja will be auctioned in Bombay under the orders of the High Court. Dr Teja's shares represent about 74 per cent of the total paid-up capital of Rs 2.88 crores and these have to be sold in one block. So, whoever gets hold of this block will be in control of the management of the company. There was speculation at one time that one or two private shipping companies were ready to pay as much as Rs 5 crores for these shares or more than double their face value. Dr Teja himself has been adjudged a defaulter in the payment of income-tax and wealth tax, and according to a recent public notice the tax arrears to be recovered from Dr Teja together with penalty amount to Rs 4.91 crores. □

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SURVEY

SPIRITED INTENTION

THE Finance Minister, Mr Y. B. Chavan, has shown the welcome realisation that consumption of petroleum products will have to be curbed if we are to conserve our scarce foreign exchange resources. Imports of crude oil have been on the increase in recent years. Between 1968-69 and 1970-71 they moved up from 10.6 million tonnes to 13 million tonnes, and during the last financial year they involved a foreign exchange outgo of Rs 11332 crores, not taking into account the tanker freight for the transport of this crude. According to official estimates imports between 1971 and 1974 will rise from 12.85 million tonnes to 17.7 million tonnes, which would mean we would be paying over Rs 100 crores more for these imports by 1974 than the cost at the last year's prices because of the recent Teheran agreement that has pushed up the posted prices of crude oil. The anxiety of the Government, therefore, to limit these imports to the minimum can well be appreciated.

However, this good intention will not be achieved by the Budget proposal to increase the duty on motor spirit by 20 paise per litre. The proposal itself has proved a controversial one and has invited the wrath of taxi drivers and owners of petrol-driven trucks. Some of the backward States such as Orissa, Jammu and Kashmir and Himachal Pradesh, where communications are difficult and there is considerable transport by road, have also expressed the fear that transport economics in their areas will be upset and this will have a reflection in higher prices of even daily necessities. This apart, mere curbing of the consumption of motor spirit while leaving undisturbed the growing demand for such products as kerosene or diesel oil cannot lead to a cut in imports of crude oil. While the refineries can make certain adjustments in the product mix, these are not such as would lead, given the types of crudes imported, to higher production of kerosene and diesel oil, which are in short supply, and to lower output of motor gasoline, which is in surplus. Of course, the lesser consumption of motor gasoline would mean greater availability of naphtha which can be utilised by the fertiliser industry. That perhaps will be the only benefit flowing from lower demand for motor gasoline. But the assumption that the Government is keen on curbing the consumption of this product is itself questionable. The Lok Sabha has been told officially that the production of cars is to be increased and two new units with an output of 50,000 cars each are to be set up. More cars must necessarily mean higher demand for gasoline. Mr Chavan, therefore, would have been more honest to himself if he had declared that the duty on petrol was being increased to net in an additional revenue of Rs 36 crores rather than describing it as a measure intended to reduce the import of crude. As it is, the Government has already before it a report of a study group set up to demarcate fields in which the market for petroleum

products could be curtailed in view of the sharp rise in price demanded by foreign oil companies for imported crude. The Petroleum Minister, Mr P. C. Sethi, has stated recently that the recommendations of this group were still under consideration. It remains to be seen whether these recommendations lead to a genuine policy that will help achieve the objective Mr Chavan has in view. □

HURDLES FOR POWER GOAL

IN spite of the recognition by all that electricity constitutes the springboard for accelerated economic development, power generation in the country is lagging behind. The chairmen of State Electricity Boards who met in New Delhi last week to review the progress of power development programmes must have found much that was discouraging. The Fourth Plan envisages addition of 9.2 million kw raising the total capacity to 23.1 million kw by 1973-74. To achieve this the annual targets during the first two years of the Plan were fixed at 2 million and 1.6 million kw respectively, but actually an additional generating capacity of 1.2 million kw and about 1 million kw were installed. In view of these shortfalls, capacity will have to be added at the rate of 2.3 million kw annually in the remaining three years of the Plan in order to reach the target.

Even allowing for a quickening of the tempo of work on power projects during this period, it would be futile to expect that the target of 23.1 million kw will be attained. The factors causing delays in the implementation of the projects persist, and since some of these are beyond the control of the project authorities, there is likely to be no significant improvement in the situation in the coming years. An important reason for the delays is the failure on the part of indigenous manufacturers to deliver equipment on time, which has necessitated frequent revision of schedules for the commissioning of many projects. The main culprits are the heavy electrical undertakings in the public sector.

Some idea of the delays in store for power generation schemes can be had from the fact that for the 7 million kw capacity that has to be established between the current year and the end of the Fourth Plan in order to achieve the target, equipment for generating 4.6 million kw is to be supplied by indigenous manufacturers and the balance imported. Foreign suppliers have generally adhered to the delivery schedules agreed upon, but even so delays have occurred in commissioning some projects because the civil works had not been completed in time. Lately the steel shortage in the country has added to the problems of the project authorities. Unless power projects are given a high priority in the allocation of steel, the existing shortage of electricity will become acute.

However, this should not deter advance planning and timely administrative decisions in regard to power development in the Fifth Plan and thereafter. This is

all the more necessary as power projects involve long gestation periods ranging from five to eight years. Moreover, long-term planning is necessary to ensure the most economic pattern of power generation, transmission and distribution. This assumes greater importance in view of the Government's decision to undertake power development increasingly on a regional basis.

Keeping all this in view, the Ministry of Irrigation and Power has prepared a power plan for the current decade as a first step towards evolving a long-term perspective plan. According to the ten-year plan, an additional generating capacity of 25 million kw will have to be created by 1981 if the anticipated demand for power is to be met adequately and in a reliable manner. This is a stupendous task which may be difficult to achieve. But the plan should help in advance planning for building up the necessary design and engineering capacity, trained manpower and material balances, which should contribute to better performance in the field of power generation in the seventies. □

NOTICE FROM YUGOSLAVIA

MANY may be inclined to see signs of a setback to India's rupee trade in Yugoslavia's insistence on changing the payments arrangement for her trade with this country. A Yugoslav delegation was in New Delhi recently to persuade the Government of India to agree to the changeover, but New Delhi has resisted the move. Belgrade had given clear notice early in 1970 that when the present trade agreement between the two countries expired on March 31, 1972, it would like to dispense with the existing system of payment. In fact, Yugoslavia's Foreign Trade Minister, Mr M. Hadzic who came to India in March last year, categorically stated that the trade between the two countries thereafter could be based on any system of exchange but rupee payment. He was not specific about the alternative arrangements, although it seemed he would prefer a convertible currency.

The reason for Yugoslavia's wanting a change in the system of payment was the large rupee funds she had accumulated as a result of her exports to India outstripping her imports from this country. The situation has no doubt, changed considerably now and the balance of trade has swung sharply in favour of India. India's exports to Yugoslavia during the first half of 1970-71 were about Rs 27 crores whereas her imports from that country amounted to only Rs 4 crores.

Nevertheless, India would do well to prepare herself for a change in the payments arrangement with Yugoslavia. The fear that this would affect the trade with other rupee payment countries is unfounded. Actually her trade with the East European countries, which accounts for a bulk of her rupee trade, has been growing rapidly, and the prospects are that it will still expand at a faster rate. The economic conditions in India and in her rupee trad-

ing partners which favoured the growth of rupee trade in the initial years have, of course, changed, but both sides have adapted themselves to the changing situation by diversifying their trade which guarantees its further growth. Therefore, there need be no fear of the rupee trade being undermined by its abrogation on the part of Yugoslavia. □

THE TOPPLING GAME IN BIHAR

MR Karpoori Thakur has resigned. He could not maintain his position as Chief Minister of Bihar in the face of large-scale defections from his Samyukta Vidhayak Dal. He did all he could do to remain in power. The Ministry was enlarged far in excess of the administrative requirements. He had warned the members of the Assembly that the Congress (R) which had taken a lead in toppling his Government was not interested in an alternative Government. The idea was to impose President's rule in the State and ultimately to hold a mid-term election. Even this warning had no effect, and just an hour before the scheduled meeting of the Assembly to consider a vote of no-confidence against his Government, Mr Thakur resigned. The Governor of Bihar, Mr Deva Kant Barooah, did not accept his advice to hold fresh elections forthwith in the State. Instead he has invited Mr Bhola Paswan, leader of the Progressive Vidhayak Dal to form the Government. This would be the ninth Government to assume office in Bihar since the last general election in 1967 and the fifth since the mid-term poll to the Assembly in 1969. The Bihar Assembly has an effective strength of 312 and the PVD claims the support of 177 members. The Congress (R) which claims 112 followers will be the largest constituent of the PVD. The other parties in the alliance are the CPI, PSP, BKD, Forward Bloc and factions of the Jharkhand, the Hul Jharkhand, the Hindustani Shoshit Dal and the Shoshit Dal. Some independents are also reported to have pledged their support to the new Government. It remains to be seen how many of these constituents opt for joining the Government and how many would support the new Ministry from outside.

Looking to the recent history of ministry formation in Bihar there are ample grounds for scepticism regarding the life of the new Ministry. Many of the defectors might have decided to desert Mr Thakur in the hope that by joining the PVD in time they stood some chance of being included in the new Ministry. The continuous in-fighting in the SSP and the advice of some of its national leaders that Mr Karpoori Thakur should resign forthwith had raised doubts regarding his Ministry remaining in power for long. This seems to have been the main factor responsible for recent defections. This being the situation there is no guarantee that these power seekers will remain loyal to Mr Bhola Paswan in case he finds it difficult to continue in office. It is reported that nearly 40 per cent of the Assembly members have recently given signs of their inability to decide their party loyalties. This is a potential threat to any ministry in Bihar. In such a fluid situation it will be difficult for any ministry to address itself to the innumerable problems facing the State. □

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	May 15, 1971	May 8, 1971	Apr. 17, 1971	May 16, 1970	Over a week ago	Over a month ago	Over a year ago	Over two years ago
Food articles	203.2	203.4	203.0	203.9	-0.1	-0.3	-0.3	7.4
Industrial raw materials ..	185.4	186.0	192.3	193.6	-0.3	-3.6	-4.2	8.0
Manufactures	162.0	162.5	161.9	150.2	-0.3	0.1	7.0	16.4
All Commodities	181.7	182.0	182.8	178.9	-0.2	-0.6	1.0	9.2

Money and Banking

(Rs crores)

	May 21, 1971	A week ago	A month ago	A year ago	Percentage variation		
		May 14, 1971	Apr. 23, 1971	May 22, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply ..	7,355 (a)	7,384	7,312	6,617	-0.1	0.6	11.2
Bank credit ..	4,705	4,683	4,699	4,127	0.6	0.1	14.0
Bank deposits ..	6,031	6,008	5,977	5,121	0.7	1.2	18.2
Credit/deposit ratio ..	77.75	77.94	78.62	80.58	..	..	..
Foreign exchange reserves ..	785 (c)	782 (c)	773 (c)	845	0.4	1.6	-7.1

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/Index			
Industrial production (seasonally adjusted) ..	1960=100	Dec. 70	180.1	182.8	-1.5	4.4
Exports	Rs crores	Mar. 71	136	101	-34.7	3.0
Imports	Rs crores	Mar. 71	139	151	-7.9	15.8
Trade balance	Rs crores	Mar. 71	-3	-50	..	..
Foreign exchange reserves ..	Rs crores	end-Apr. 71	751 (c)	732	2.6	-3.7
Cost of living index ..	1960=100	Mar. 71	184	184	..	3.6

ANNUAL INDICATORS

	Unit	1970-71	1969-70	1968-69	Percentage variation in 1970-71 over 1969-70	Annual rate of growth between 1968-69 and 1970-71
National income at 1960-61 prices ..	1960-61=100	142.5 (a)	135.1	119.7	5.5	3.0
Per capita income at 1960-61 prices ..	1960-61=100	114.1 (a)	110.8	109.6	3.0	-0.7
Agricultural production ..	1949-50=100	177.6 (a)	169.9	169.4	4.5	1.8
Foodgrains production ..	Million Tonnes	104.5 (a)	99.5	80.0	5.0	2.7
Industrial production ..	1960=100	179.0 (a)	174.9	144.8	2.3	3.6
Exports	Rs crores	1,531	1,413	1,286 (b)	8.4	3.0
Imports	Rs crores	1,651	1,567	2,126 (b)	5.4	-4.1
Trade balance	Rs crores	-120	-154	-840 (b)	..	..
Foreign exchange reserves (year-end) ..	Rs crores	732	821	803	-10.8	10.9
Money supply (average) ..	Rs crores	6,726	6,009	5,866	11.9	9.7
Bank credit (average) ..	Rs crores	4,328	3,583	1,808	20.8	15.7
Bank deposits (average) ..	Rs crores	5,517	4,731	2,467	16.6	14.4
Wholesale prices (average) ..	1961-62=100	181.2	171.6	122.3	5.6	6.8
Cost of living index —working class ..	1960=100	187	177	129	5.7	6.4

Notes:

- Estimated by Commerce Research Bureau.
- At post-devaluation rate.
- While estimating foreign exchange reserves, SDRs transactions that might have taken place on March 31, 1971 have not been taken into account.
- The figures indicate percentage change during the current calendar year upto the month indicated as compared to corresponding period in the preceding calendar year.

THE WEEK

MR Bhola Paswan, an independent MLA and leader of the Progressive Vidhayak Dal, was sworn in on June 2 as Chief Minister of Bihar. Along with Mr Paswan, two other Cabinet Ministers, Mr Ram Jai Singh Yadav (Congress-R) and Mr Hari Charan Soy of the Jharkhand Party were also sworn in. It was indicated later that the Cabinet would be expanded in stages, Mr Paswan's Ministry ninth since the last general election in 1967 took over after the resignation of the Karpoori Thakur Ministry on June 1 in the wake of a series of defections from the Samyukta Vidhayak Dal.

The management of Indian Airlines and the Air Corporation Employees' Union signed a three-year agreement on June 2 giving substantial monetary benefits to the employees. The agreement effective from April 1, 1969 and covering 8,000 of the 14,000 Indian Airlines employees provides for a special allowance of 15 per cent of the salary, subject to a minimum of Rs. 60 per month, to employees drawing a basic salary up to Rs 149 per month and Rs 80 per month to employees drawing a basic salary of Rs 150 and above. Among the allowances revised are the transport allowance, flying allowance and meal allowance. The union has agreed to eschew agitational steps which may disrupt operations.

A Marxist-sponsored 24-hour general strike paralysed life in Calcutta on June 1. The sponsors claimed that the strike was in protest against police "atrocities".

The West Bengal Government placed under preventive detention on June 1 Dr Gholam Yazdani, a minister in a former United Front Government led by Mr Ajoy Mukherjee, and Sved Badruddoja, a former MP. They were charged with "anti-State activities and association with a Pakistani spy ring".

According to district authorities, cholera has broken out in epidemic proportions among the refugees in the Nadia district of West Bengal, and about 600 of them died between May 31 and June 2.

Coastal shipping companies propose to step up with effect from June 15 the freight rate on coal by 20 per cent. According to these companies, the current freight rates are uneconomic.

The Japan-Arabian and Persian Gulf-Japan Conference has decided to exempt completely cashew kernel, cashew shell liquid in drums, coir ropes and coir fibres from the proposed increase of 12.5 per cent in freight. The new rates will be effective from July 1.

The State Trading Corporation has agreed to continue to give cash assistance for rayon fabrics exports (excepting those made of staple fibre) on the existing basis till the end of June. The cash support for staple fibre fabrics will also be continued but subject to the condition that any change made later in the rates of assistance would be retrospectively applied. No such conditions are attached in respect of assistance on rayon exports.

The Union Government has decided to license a car manufacturing plant in the private sector to produce 50,000 passenger cars per annum, in addition to the small car plant being planned in the public sector. This was announced in the Lok Sabha on May 31 by Mr Ghanshyam Oza, Minister of State for Industrial Development.

Indian Leaf Tobacco Development Company has entered into a four-year agreement with the Andhra Pradesh ILTD Company Workers Union, Guntur, by which the 23,000 workers would receive Rs 25 lakhs per year as higher emoluments. The union on its part has agreed to maintain higher productivity.

Fiji became on May 31 a member of the International Monetary Fund and the World Bank. Fiji's share in the Fund is \$13 million. Its subscription to the capital stock of the World Bank is 111 shares of a total par value of \$111 million.

In Parliament

The Minister of State for Finance, Mr K R Ganesh, introduced on June 1 in the Lok Sabha the Gold Control (Amendment) Bill 1971 which seeks to replace the Gold Control (Amendment) Ordinance of 1971.

The Bill replacing the Ordinance for the take-over of the management of general insurance was passed unanimously by the Lok Sabha on June 2.

The Rajya Sabha adopted on May 31 an official resolution approving the imposition of President's rule in Gujarat following the exit of the Hitendra Desai Ministry.

The Rajya Sabha passed on May 27 the Medical Termination of Pregnancy Bill which liberalises abortion.

Money easy

Conditions were unchanged in the Bombay short-term money market as of Tuesday. Demand for funds was maintained and there were borrowers over at the close. In the inter-bank call section, both renewals and fresh money were re-

ported at 4½ per cent. In Calcutta market also the rate ruled at 4½ per cent.

Price index steady

During the week ended May 15, 1971, the Index Number of Wholesale Prices recorded a marginal fall of 0.2 per cent to 181.7. At this level, the index was 1.6 per cent above its level a year ago.

Mr R P. Smith, Chairman of Burmah Oil Company and one of the principal architects of oil exploration in Assam, died in London on May 28.

PEOPLE

MR A. C. Shah has been elected President of the Federation of All-India Cloth Merchants' Associations for 1971.

Mr I. K. Puri has taken over as Executive Director of the Inventions Promotion Board.

Mr V. V. Mariwala has been elected President of the Pepper and Ginger Merchants' Association.

Mr B Bhagawati has been appointed Chairman of the Jute Corporation.

Mr H N Mookherjee, Mr Pritam Lal Chanchani and Mr S K. Saraogi have been elected Chairman, Vice-Chairman and Jr Vice-Chairman of the Indian Mining Federation.

Mr G N S Robertson has taken over as head of operations of Burmah Oil Group of Companies for India, Pakistan and Australia at the London Office.

Mr J G. Parikh has been re-elected President of the Textile Association (India), Bombay branch for 1971 and 72.

Mr S. N. Lal of EID-Parry has been elected Chairman of the Employers Federation of Southern India.

50 years ago

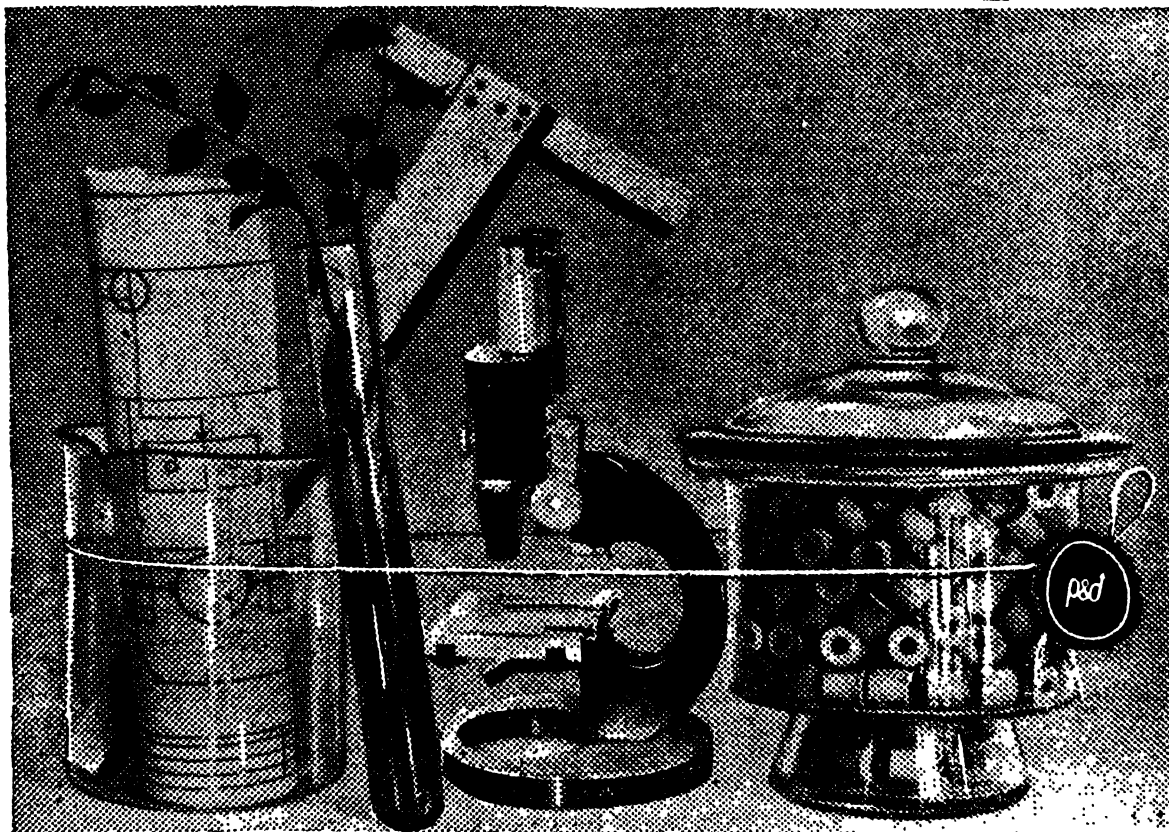
The depression in trade continues, and it is evident that we have a long and difficult row to hoe before better times emerge. The pessimist lacks not the opportunity of venting his despondency upon a cheerless world, for it is an evil time in which we live. Said Mr F A Govett at the recent Camp Bird meeting: "I return to find vanished the insanity of the boom; the financial world in ruins, with millions lost in every industry. It is not alone in silver that we suffer; it is all round no profits left on any side. Contrast the fortunes lost in coal and iron in rubber, in textiles, in ships laid up for want of freight and in general finance, and it is plain that our troubles are just part of the common lot. The only thing to do is

to face the facts and see it through... A rise in silver will save the situation." But the white metal, to which Mr Govett looks for salvation, is most obdurate, and the low range of values upon which it operates is evidently fixed for some time to come. We must under the circumstances expect pessimism at company meetings—vide the speech delivered by Lord Balfour of Burleigh at the Eastern Bank meeting, and that of Sir Montagu Cornish Turner to the shareholders of the Chartered Bank—and yet, notwithstanding the oppressive conditions that now prevail, the opinion is evidently gaining ground among the directors of our great industrial undertakings that the slump will not last much longer.

COMMERCE

June 4, 1921

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FERTILIZER CORPORATION OF INDIA LIMITED

REPORT

THE NATION

From Our Own Correspondents

Disturbing freight hike

BOMBAY.

THERE are enough reasons for the Minister of Shipping, Mr. Raj Bahadur, to express concern over the unilateral decision of the India-Pakistan-UK-Continent (Karmahom) Conference to increase the freight rates on this important trade route by 15 per cent from June 1. A delegation of the conference had been here last April and discussed the question of freight rates with representatives both of Government and All-India Shippers Council. The discussions with the officials of the Ministries of Shipping and Transport and Foreign Trade were expected to be continued further in mid-June before a final decision about the freight rates was taken. Instead of waiting for the Government delegation to complete the negotiations in London, Karmahom has announced a freight hike of 15 per cent though it has promised to consider the problem of some of the sensitive commodities entering the export trade of this country.

What was also notable in the April discussions was that, unlike in the past, the All-India Shippers Council took a very reasonable attitude on the issue of freights. It did recognise that operational costs of the shipping companies had moved up and that they had to be compensated by an increase in freights. In fact, it agreed to accept a general increase in freight rates of 7.5 per cent to 10 per cent provided there was no further increase during the next two years, the proposed increase came into effect from August, commodities which were facing severe competition and new and promotional items of the country's exports were exempted from the freight increase, the London surcharge was abolished, the Suez surcharge was reduced to 7.5 per cent and the conference provided adequate shipping services. Most of these proposals were very reasonable and at least the Karmahom Conference should have ensured that there was no freight increase till August.

There is another important point involved in the whole issue. As the All-India Shippers Council has pointed out there was an agreement entered into between the Indian lines group and the British lines group of the conference prohibiting an overall increase in tariff rates within a period of two years from the last increase. This provision has been ignored by Karmahom, and it is to be expected that the three Indian members of Karmahom would take up this matter strongly with the conference. Mr. Raj Bahadur has said that the conference has agreed to give retrospective effect from June 1 to the decisions to be arrived at the forthcoming discussions in London by mid-June with the Government delegation. This is good as far as it goes, but this cannot make us overlook the fact that Karmahom has violated the understanding reached in the past with the Government, the Indian shipping interests and the Indian member lines.

It was natural that Parliament members should have been agitated over the

attitude of Karmahom. Mr. Raj Bahadur, however, did well to reject the suggestion that India should withdraw from this conference. His point was that the membership of the conference ensured some modicum of stability in regard to freight charges and regularity of services. He could also have pointed out that the withdrawal from the conference could be considered, if at all, only when we have adequate shipping tonnage. This is far from the case just now and, in fact, Indian shipping companies are finding it difficult to acquire new ships because of the current high prices and reluctance of foreign shipyards to extend deferred payment facilities. As if these are not enough

hurdles, Mr. Y. B. Chavan's Budget proposals envisage the withdrawal of development rebate by 1974 for ships. This will be a hard blow to the shipping industry and particularly to the Shipping Corporation of India which is our largest buyer of new ships. If Indian shipping has made progress in recent years it was because of two factors. First, there were the cheap loans from the Shipping Development Fund and, secondly, there was the development rebate of 40 per cent for new ships. The Government has already increased the interest on loans from the Shipping Development Fund from 3 per cent to 5 per cent. It now proposes to withdraw the development rebate. A big question mark will thus hang over the future progress of our shipping. Members of Parliament and the Minister for Shipping would do well to concentrate on this aspect. □

Burden of four million refugees

NEW DELHI.

WHILE the refugee problem is assuming unmanageable proportions—already over four million have crossed over into Indian territory from East Bengal—it is indeed odd that some members of Parliament should be agitated over the Rehabilitation Minister's announcement at a press conference in New Delhi that about 50,000 of them would be moved immediately from their improvised shelter in West Bengal to the more durable camp at Mana in Madhya Pradesh. Whether the shifting of the refugees from the border areas to other places in the country constituted a departure from the Government's policy and, if so, why Parliament was not told about it first are questions which perhaps might legitimately be raised in normal circumstances. But when an unprecedented human tragedy is being enacted in East Bengal and the brunt of it is being borne by India as is evident from the hundreds of thousands of helpless refugees pouring into this country, these types of issues are most irrelevant. In times like these one's thoughts should centre on what one can do to alleviate the sufferings of the brethren who have come from across the border and not one's privileges.

Anyhow, this has turned out to be a needless furore for the Government's basic policy, which is to keep the refugees in the eastern region as far as practicable in order to facilitate their return to their homes, remains unaltered. However, as the Minister for Parliamentary Affairs, Mr. Raj Bahadur, speaking on behalf of the Rehabilitation Minister, Mr. R. K. Khadilkar, who has gone abroad, pointed out in the Lok Sabha, when camps in the border areas are overfilled with refugees some of them had to be sent elsewhere in order to make room for the newcomers who would otherwise be left uncared for. And there has been a phenomenal increase in the flow of refugees during the past

few weeks. Between May 1 and the end of the month their number swelled from a little over 1.25 million to about four million. India, at the outset, did not anticipate an influx of more than 2.5 million which explains the need to shift some of the refugees from the border areas. On this basis the Rehabilitation Minister had estimated the refugees' expenditure at Rs 132 crores for six months. But as the influx grew and reached the staggering figure of 3.7 million the estimate was revised upwards to Rs 180 crores. Even this will be on the lower side now that the refugee population has reached four million.

So far they have been put up in over 400 improvised camps all along the borders of the four eastern States—West Bengal, Tripura, Assam and Meghalaya. However, in order to relieve the pressure of the refugee population on the border areas of these States the Government has decided to set up 20 large but compact camps in these States and elsewhere. Each camp will accommodate 40,000 to 50,000 refugees and will be directly administered by the Centre. The services of retired army officers will be utilised for running these camps.

International assistance for tackling the refugee problem is still coming in dribbles. The total aid promised so far amounts to Rs 11.5 crores of which only Rs 9.3 lakhs have been received. Mr. Khadilkar, however, was hopeful that more external assistance would start coming in shortly. The report of the UN team, which studied the refugee problem at first hand, was submitted to the UN headquarters a few days ago and it is learned that it has recommended generous assistance for refugee relief work. Mr. Khadilkar's expectation of increased inflow of aid very soon is apparently based on this.

But at the same time the Rehabilitation Minister uttered the warning that, if the world community failed to persuade the Pakistan military regime to create

conditions of security in East Bengal to enable the refugees to return to their homes, India should not be held responsible for any serious consequences that might follow. He declared that "we cannot ignore the possibility of the situation calling for drastic remedies". In the absence of any clarification of what he meant by drastic remedies one can only infer that India is getting restive over not only the continuing exodus of refugees from East Bengal but also the frequent forays of the Pakistan armed forces into her territory and is being compelled to renounce her forbearance and retaliate effectively, though short of armed intervention. Perhaps, in preparation for this, the Government is sending out its Foreign Minister, Mr Swaran Singh, to the major world capitals to explain the gravity of the situation in East Bengal and its repercussions on India. Mr Swaran Singh's ten-day itinerary, which begins next week, includes visits to Moscow, Paris, London and Washington. Two other Ministers are sent for similar missions, one to West Asia and the other to South-East Asian countries. □

KASHMIR

A push for farm mechanisation

SRINAGAR.

A BIG effort is being made in Kashmir to mechanise farming. The recently set up Agro-industries Corporation has built up a tractor unit with a fleet strength of 46 which is proposed to be raised to 125 by next year. These machines are being supplied to farmers, on a no-profit-no-loss basis, regardless of the size of their holdings. The areas bound to derive maximum benefit from this scheme are those which have remained fallow over the years or those which have had to be kept idle because of prolonged drought conditions during the past three years. Meanwhile, the Department of Agriculture is also importing 100 multi-purpose power tillers from Japan against a quota of 200 sanctioned by the Central Government.

Mechanisation of agriculture has a special importance for Kashmir in view of the valley's mono-crop economy. Efforts to change this pattern and to raise two crops a year have met with some success during last three years, inasmuch as, a summer variety as also a winter variety of wheat has been developed. The winter variety has had to be such that it could mature early enough to permit *kharif* operations such as transplantation of paddy seedlings by the middle of June.

While it has been possible for departmental experts in Kashmir to overcome the problem of evolving an early-maturing variety of winter wheat, it was still found that a gap of only about ten days was available for completing all the conventional preparations for paddy cultivation in *kharif*. The only alternative was to introduce mechanisation. This led to the introduction of a tractor hiring service to undertake all jobs, ranging from tilling to puddling and planting to harvesting, at a comparatively smaller cost and in much less time.

Meanwhile, there is an increasing awareness among departmental experts that rice cultivation is a comparatively uneconomic proposition, as it involves larger water resources, more labour and time, compared to other crops. It is pointed out that one cusec of water can irrigate 100 acres of maize-producing land or 200 acres of wheat-producing land

against only 40 acres of rice-producing land. This has led to a complete re-thinking on the pattern of agriculture in Kashmir. The irrigation authorities, frustrated by their failure in tapping underground water resources, have started advising farmers to use water available from small schemes for dry-crop cultivation only. □

THE first reactions of the leaders of political parties to the Budget proposals are on familiar lines. The inflationary pressure will intensify, savings will be more difficult, incentives to produce and save will be curtailed—these are the objections raised to the new taxation measures. There is a uniform concern for the proverbial common man. Such criticisms are self-defeating. It is always easy for the Government to point to inconsistencies in the positions taken up by responsible political parties. For instance, it is argued by these parties on the one hand that the Union Finance Minister has failed to avail of the opportunity for rationalising the tax structure. It has been pointed out that the ratio of indirect to direct taxes is of the order of 75:25 while in other countries the ratio is 50:50. At the same time, what little additions to personal taxations have been made are criticised on the ground that they will make savings more difficult. Thus even the reactions of the middle-of-the-road parties are contradictory and fail to provide a workable alternative. The opposition parties would do well to spell out the measures they would like the Union Finance Minister to adopt in order that the public exchequer may be in a position to meet its responsibilities. Such constructive alternatives alone would impress the public mind and help in correcting the mistakes, if any, in the approach of the Finance Minister. One great disadvantage of the massive majority enjoyed by one party in the Lok Sabha is that it acts as a damper to alternative policy formulations. The public soon loses interest in budget discussions in Parliament and only the pressure groups are seen frantically attempting to secure a modification here or there.

There is much in the economic and fiscal policies of the Government that could be discussed at the political level. But this would be possible only if the political parties are sincerely interested in raising public debates on vital policy matters. There is a tendency in our country to concentrate on those issues that are likely to yield quick political gains in terms of embarrassment to the ruling party. These are only short-term dividends and are likely to be dissipated before the parties go to the poll again for a mandate. They only help in providing diversion to the people. They have no educative value. All this needs to be changed. A worthwhile discussion could take place only if the parties make serious attempts at building necessary expertise and their high commands do necessary home work. It is easy to charge the bureaucracy advising the Government on economic and fiscal policies that it is living in an ivory tower and has no touch with reality

POLITICS TODAY

This criticism has been made while attacking the proposal for an excise on the *maida* and on ready-made garments. The alarms raised on these counts might prove exaggerated. If this happens the shoe will be on the other foot.

If the political parties fail in providing an effective democratic opposition, one would expect other interested groups to act as countervailing pressures. Here again, the situation is not quite satisfactory. The business community reacts as mechanically to important policy measures as the political parties. Every indirect tax is inflationary; every direct tax acts as a disincentive to production or saving. This approach cannot provide an alternative policy framework. Much deeper study and constructive reactions are necessary. Businessmen have now promised to co-operate with the Government in accelerating the economic growth. One of the channels of such co-operation would be co-operation in evolving a viable economic and fiscal policy. This will be possible only if they rise above their sectarian interests and view the scene from a commanding height. The question whether the Government would appreciate such a change in attitude is not relevant here. It is the question of educating the public so that people appreciate the constraints under which the fiscal policies are to be formulated, realise their contributions to these constraints and change their attitudes so as to be more co-operative in solving the difficult problems facing the country.

The trade unions do not seem even to realise that fiscal policies have a tremendous significance for the development of the economy, for generating larger employment and for holding down prices so as to preserve the real purchasing power of the wages. There is hardly any notable reaction from trade unions to the fiscal measures. When they express their opinion it is always in terms of certain ideological positions which might or might not have relevance to the subject matter of their criticism. The farm lobby is more effective in inhibiting the Government from taking certain desirable measures than in helping the Government to evolve rational, fiscal measures. Each one of these sectarian interests has a legitimate place in the debate on economic and fiscal policies. But they can occupy this position only if they are able to make an effective contribution to the evolution of these policies.

—Rohit Dave

REPORT

THE WORLD

From Our Own Correspondents

CHINA TRADE

Japanese dominate Canton fair

By A Special Correspondent

HONGKONG.

HUNDREDS of businessmen from all parts of the world recently took the train to Kowloon from Canton as the Trade Fair—China's 1971 Spring Export Commodities Fair to call it by its official title—closed down after month-long bargains and deals. Quite a few took the plane to Peking to continue their negotiations with appropriate Chinese officials.

Since 1957 when China held the first fair at Canton (in the Kwantung province in south China) the spring and autumn fairs lasting a month each have assumed increasing importance in China's foreign trade, now accounting for half the total trade of the country. For, although they are officially named as export commodities fairs, buying and selling both go hand in hand at the fairs. This year the fair attracted the largest attendance underlining the great advance made by China in developing its external diplomatic and economic relations and the increasing importance accorded to economic affairs over party and ideological matters, which, by no means, have taken a back seat.

China's external trade has been picking up since the beginning of 1969, after the decline in the two preceding years when economic activity was at a low ebb as a consequence of the disruption caused by the Cultural Revolution. In 1969, exports went up by 9 per cent over 1968 and two-way trade by 5 per cent, although the record set in 1960 was not exceeded.

China's external trade

(In US \$ million)

	1966	1967	1968	1969
Exports ..	2,170	1,915	1,890	2,060
Imports ..	2,035	1,845	1,820	1,825
Total trade ..	4,205	3,860	3,710	3,885

Eighty per cent of China's trade is with non-communist nations. Since the ideological and economic break with the USSR and its allies, trade with the former fraternal nations has been declining. In 1959, the communist partners accounted for 70 per cent of China's trade, nearly 50 per cent of the total being with the Soviet Union alone. Now the trade with Russia has shrunk to less than two per cent of China's total imports and exports. This also shows that China has been able to achieve a great degree of diversification in her foreign trade by mixing trade with politics or excluding politics altogether as suits her political and economic ends. Her principal suppliers in the past few years have been Japan, West Germany, the UK, Australia and Canada, in that order. Since wheat imports are now being cut, the dependence on Australia and, to some extent, Canada would be reduced. Foodgrains output has been going up in China for the last nine years running and wheat

imports in large quantities were resorted to, partly to enable the country to export rice which fetches a better price than the money spent on importing wheat. China's main imports, apart from wheat, have been iron and steel, chemicals and fertilisers, machinery and transport equipment, non-ferrous metals, natural rubber and diamonds.

China's exports go mainly to Hongkong and Macao, respectively ruled by Britain and Portugal but geographically adjoining China, Japan, Singapore, the UK, West Germany and France. (Incidentally, the close military ally that Pakistan is supposed to be is only 1.5 per cent important to China as a trading partner.) Foodgrains and food products are the largest single item of export from China. Other goods are crude materials, like raw silk and animal by-products, textiles and garments, light manufactured goods and ores.

Reliable figures for 1970 are not yet available but the trade last year is estimated to have increased by the same percentage as was achieved in 1969, if not more. Prospects for this year are considered even brighter, with a much larger number of countries willing to trade with Peking and a somewhat better availability of goods from China and her requirements remaining at the same level as last year, if not higher.

At the Canton fair, good business was reported in Chinese food products and crude materials. The offerings of tea, soyabean, groundnut and other oilseeds, hog casings and bristles were described as good. China also sold substantial quantities of handicrafts and light engineering goods as well as glassware. On the other hand sales of antimony, bismuth, tungsten and cadmium were not encouraging in the initial stages, partly for the reason that the Chinese wait until the end of the fair to see if they can get better prices from the buyers. There is an element of playing off one buyer against another, which only proves that heavy doses of Maoism cannot weaken the innate trading instincts of a community. On the other hand the businessmen were generally agreed that the Chinese communists have their own code of trade ethics which means a word given is always honoured.

There were some difficulties in the way of sale of steel and heavy industrial products to China as the fair opened but these, again, were not unusual because the Chinese buying organisations take time to make up their minds. Surprisingly even the pastmasters in the art of hard-sell and bargaining, the Japanese, were reported to be bitterly complaining that they were being outwitted by their West European rivals. Their main difficulty was in respect of credit as the Chinese are increasingly

insisting on deferred payments terms. This handicap was removed by Tokyo while the fair was still on and is believed to have made trading easier for the Japanese at Canton. Acting once more in close concert with business circles of the country, the Sato Government cancelled the so-called "Yoshida Letter" written in 1964 by the former Japanese Prime Minister (who had then ceased to be Prime Minister) by which the Taiwan Government was assured that Japan would not extend long-term credit to China. This should be interpreted as one more turn of the screw so far as China is concerned, having extracted a series of concessions from Japan for the facility of trading with her, and one more Japanese move to accommodate Peking short of diplomatic recognition.

The monetary crisis in Western Europe also hit the fair and a few major deals had to be put off because of the uncertainty over the parity of the mark and the Swiss franc in particular. However, this could not have been a formidable problem because the Chinese provide price quotations in their own currency, the Renminbi (RMB) and pounds sterling and insist on letters of credit being opened in RMB with the state-owned Bank of China which then settles payments. Besides the British pound, the mark and the Swiss franc are generally acceptable currencies and even dollars are now welcome. The Bank of China has now decided to give daily quotations of currencies so that prospective buyers and sellers would know where they stand regarding prices. (One RMB is roughly equivalent to US \$0.40.)

Indians were conspicuous by their absence at the Canton fair, although as stated earlier, there were some traders of Indian origin from Africa, Hongkong and other places. Indian passport holders have to first get an endorsement for a visit to China from the Government of India and then only can they apply for visas to visit China. A visit to the Canton fair could be an eye-opener to Indian businessmen because they can see the considerable scope that exists for Indian exports to China and for buying some of the Indian requirements at competitive prices.

At the moment, however, any such visit can only be of academic interest since goods of Chinese origin are still not officially welcome in India. A change of official attitude is needed and New Delhi has to show the same resilience that Peking has shown all along in separating trade from politics or mixing it up as and when it suits her national interests. China's deplorable attitude on Bangla Desh has soured the climate for a thaw in India-China relations once more, but it would be a mistake to take the present as the long-term policy and spurn the opportunities for normalising ties. Trade could be one way of achieving the objective. It is to be hoped that the Indian diplomats who visited the fair, from Peking and Hongkong, have made appropriate recommendations to South Block. Their visits should not be treated as mere routine observation trips. □



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BUSINESS REPORT

From Our Own Correspondents

POWER

Punjab's chronic power anaemia

CHANDIGARH.

POWER generation in Punjab is in a critical condition. The Bhakra reservoir is fast losing its water-height. On present indications, the water-level in the reservoir (Govind Sagar) is expected to fall to 1,445 ft by May 21, which will reduce power-generation to the minimum. If the level goes below 1,442 ft, the turbines will start sucking air which will cause irreparable damage to them. Punjab is on the brink of a power famine.

The wheat crop worth Rs 300 crores is lying in the fields awaiting threshing and the State Government is not in a position to supply electricity for the massive threshing operations. There is a shortage of twenty-nine lakh units of electricity per day; the minimum demand is 75 lakh units per day and the supply from all sources is 46 lakh units only.

The prospects of an improvement in the situation appear to be bleak. There have been unexpected rain-showers which have lowered atmospheric temperature. This has slowed down the melting of snow in the Bhakra catchment area, which is bound to aggravate the power distress in Punjab and Haryana. A mild summer will make the situation "very hot" in terms of power and irrigation supplies.

But an interesting fact is that the Delhi Electric Supply Undertaking—a Government of India organisation—is making Rs 54,000 a day out of Bhakra's power distress. The DESU injects, at night, nine lakh units of electricity into the Bhakra grid. It takes almost the same supply during the day. The DESU pays at the rate of three paise per unit to the Bhakra Management Board (BMB). The thermal power which DESU gives to the Bhakra grid costs five paise per unit, according to Punjab experts. But DESU charges 11 paise per unit from the BMB.

Punjab's power distress is the result of unimaginative and unrealistic planning. The planners had placed all the "power-eggs" of Punjab in one basket—the hydel system, particularly the Bhakra power-complex. In dry years, the power system goes "dry" and the State runs into a power famine. The current year so far has been drier than the driest year on record. The inflow into the Govind Sagar has been low since October last. The inflow on May 5, in a dependable year should be 8,615 cusecs; it was only 4,949 cusecs on that day, this year.

Punjab has been suffering from power anaemia for the past many years. This has affected the health of its farms and factories. A cure for this affliction is nowhere in sight; it is not easy either, unless the Government of India agrees to the installation of a 400/600 megawatt nuclear power house in the State and the construc-

tion of the Thein Dam on the river Ravi to make use of the large quantities of water going waste to Pakistan.

The total available power is 166 mw, against the demand of 583 mw. Of the available power, the thermal system contributes only 7 mw. The future appears to be dark. According to conservative estimates, the power demand of the State in 1974-75 will be 1,195 mw against a maximum availability of 607 (assuming that all power generation plans will be implemented on schedule). The total power generation, on the present run of events, is not likely to go beyond 688 mw by 1978-79, but the minimum demand at that time is expected to rise to 2,281 mw.

In 1947, Punjab had a total installed capacity of 48 mw and a maximum demand of ten mw. Then came the mighty Bhakra. It raised the installed capacity to 605 mw and the total connected load to 308 mw. Panicked by this apparent glut of electricity, Punjab adopted a "grand clearance sale" formula and sold electricity at nominal price, even at below cost price in a particular case. The planners did not visualise that the State's own power demands would grow by leaps and bounds. Taking it for granted that the power demand would increase at a very slow pace, they did not install the transmission system which was needed as a cushion to absorb unexpected pressures. When faced with power shortage, the planners were so busy in increasing power generation capacity that they could spare neither the time nor the funds to remodel the transmission system. This led to the twin problems of low-voltage and frequent trippings.

Construction work is going on mainly on three power projects. First, in regard to the Upper Bari Doab Canal (UBDC) hydro-electric scheme which will have three power houses of 15 mw each, the first power house is scheduled to be commissioned next month and the second in 1972 and the third a year later. Secondly, the Bhatinda thermal plant is coming up fast. The first stage of this project which will yield 110 mw will be ready by October, 1972, and the second generation set of the same capacity will be commissioned a year after that. Thirdly, the Beas project which is under construction will provide 273 mw electricity when completed in 1975-76.

Besides, the State Government has submitted six more power-generation schemes to the Government of India for approval. These are: Thein Project with a total installed capacity of 172 mw; a nuclear power station of 400/600 mw capacity; Ropar hydro-electric scheme to add 35 mw to the State grid; Mukerian project to generate 60 mw; extension of Shanan power house to raise its installed capacity from 48 mw to 100 mw; and construction of an additional Nangal hydel

channel and power houses to add 37 mw of firm power at 60 per cent load-factor.

The State Electricity Board has initiated action to import diesel sets of a total capacity of 35.72 mw and buy 20 new and some second-hand sets locally, which will add 73 mw to the State grid from diesel generation by the end of the current year. Despite this chronic power anaemia, the consumption of electricity in Punjab per one thousand population and per sq. km is the highest in the country. The power tariffs are very attractive and only Jammu and Kashmir, Mysore and Himachal Pradesh offer cheaper industrial power. □

INDUSTRIAL RELATIONS

Inter-union rivalry the main hurdle

BANGALORE.

THE concern of employers at the lack of the right type of industrial relations and the deleterious impact of labour unrest on the country's economic activity was forcefully brought out at the 38th annual session of the All-India Organisation of Employers, held here recently. The main reasons for the economic and industrial progress in Japan, Malaysia and many European countries, it was pointed out, was the virtual absence of strikes. West Germany, which employed almost double the industrial labour force of India, lost only 50,000 man-days a year, while India touched the 19-million mark in 1969; in 1970 the loss was expected to far exceed the 1969 level. Such loss of working time and potential production was alarming for a developing economy.

Considered against this background, it was but natural that the main theme of the presidential address of Mr G. K. Devarajulu centred on industrial relations. Mr Devarajulu said that the experience of the last few years indicated that there was very little of industrial relations. As the law stood at present, just seven workers could raise an industrial dispute, scuttle a settlement or provoke an altogether new issue or dispute. Again, while the trade union law encouraged a multiplicity of unions and the consequent inter-union rivalry at the plant level, the Industrial Disputes Act provided an all-too-easy access to adjudication. In this context he referred to the frequent strikes by the Indian Airlines employees, the work-to-rule tactics in Air India and the banking and insurance companies, and the non-cooperative attitude of the unionised workers in the Durgapur steel plant, where only 200 workmen could dislocate the working of the entire plant.

Mr Devarajulu welcomed the statement by the President of India, Mr V. V. Giri, to the joint session of Parliament in March last that the Government proposed to consult leaders of trade unions and managements to evolve a sound industrial relations policy and to secure increased productivity consistent with a fair deal to

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labour. He hoped the Government would not delay the amending legislation required to implement the agreed tripartite decision to improve the industrial relations machinery.

Commending the recommendations of the National Commission on Labour for the setting up of industrial relations commissions to function independently of the political administration, Mr Devarajulu said that for the maintenance of harmonious industrial relations what was important was that the parties responsible must seriously comply with the rules of the game. The trade union movement was heavily politically biased. The political rivalries, in fact, directly affected the trade union movement, and instead of uniting the workers tended to further divide them.

Mr Devarajulu said that the wage bill had been mounting without any corresponding or even near-corresponding increase in productivity. The broad guiding principles of a wage policy in a developing and populous country like India should be that wages must be commensurate with productivity and that the wage level in any sector must bear some relationship with wage levels in other sectors, such as agriculture, industry, transport, etc. He called for a clear and effective national wage policy based on the urgent need to correct the existing weaknesses in the economy, on the one hand, and the inflationary pressures, on the other. □

INDUSTRIAL UNITS

New impetus in Rajasthan

JAIPUR

THE Rajasthan Industrial and Mineral Development Corporation is expected to receive from the State Government Rs 45.67 lakhs during 1971-72 for boosting the industrial activity in the State. The amount will be utilised by the Corporation for the fluorite beneficiation plant.

Meanwhile, 16 districts have been notified as industrially backward in Rajasthan under a special scheme of the Centre to remove regional imbalances. Under the scheme, concessional finance will be made available in these districts to entrepreneurs from various institutional financing agencies. These districts are Jalore, Nagaur, Jodhpur, Churu, Sikar, Jhunjhunu, Tonk, Alwar, Sirohi, Udaipur, Banswara, Dungarpur, Bhilwara, Jhalwar, Barmer and Jaisalmer. The concessions to new entrepreneurs in these districts will be mainly in the form of easier terms of repayment and interest and participation in share capital by the Industrial Develop-

ment Bank and the Industrial Finance Corporation.

Of these 16 districts, two will be entitled to outright subsidy of 10 per cent up to an investment of Rs 50 lakhs in addition to the concessions. The selection of these two districts is still under the consideration of the Planning Commission.

The State has already made considerable progress on the industrial front. ECG paper, used in electrocardiogram, is now being manufactured in the State itself. Three vegetable ghee factories at Jaipur, Udaipur and Chittor will be set up shortly in the private sector. Efforts are also being made by the State Government to set up a scooter plant in the public sector, besides a tractor manufacturing plant. A Rs 82-lakh beet-cum-cane diffusion plant has already been established in the Ganganagar Sugar Mills, a State Government undertaking. According to present indications, about 12,000 quintals of beet sugar will be produced by this plant during the current financial year.

The expansion in the capacity of the sodium sulphate plant from 20 tons to 40 tons a day has been completed. Sodium sulphate worth about Rs 40 lakhs a year will be produced as a result of this. Rock phosphate prospecting in the Udaipur area is expected to be completed soon by the State Government. As soon as the reports of consultants about the beneficiation of the mineral are available, work will begin on a beneficiation plant. In a limited area near Udaipur, rock phosphate deposit of 170 crore tons has already been proved. The current extraction of 800 tons of rock phosphate ore a day is expected to touch the figure of 1,500 tons by the end of 1971. According to present estimates, the State hopes to earn Rs 2.5 crores from this mineral alone.

Huge pyrites deposits, found in the Saladipura area, have further brightened the prospects of a big fertiliser complex coming up in the State. A token provision for this has already been made in the Fourth Five-Year Plan. Likewise, limestone deposits have been found in various parts of the State. These are likely to give a fillip to cement industry in the State.

According to a new scheme recently finalised by the Government, about 800 mining lessees and 200 prospecting licensees covering 26 different minerals can now get their areas directly investigated by the State Mines and Geological Department. The scheme would benefit interested parties in regard to pre-investment surveys for systematic exploration of mineral wealth. It is also expected to give greater fillip to the prospecting activities. □

SILK

MP's neglected tribal industry

BHOPAL

A NEGLECTED tribal industry that has capacity for large-scale dollar earning is the tusser silk industry. It is an age-old cottage industry confined to the three districts of Bastar, Bilaspur and Raigarh in the backward tribal region of Chattisgarh in Madhya Pradesh. About 2,000 families are engaged in tusser reeling and weaving on handloom, while the process of cocoon-rearing and collection keeps another 4,500 tribal families engaged.

The noticeable preference of the western consumer for the exotic silks and draperies of India has helped to throw up new ideas about developing the tusser industry, not only as a means of Adivasi welfare, but also for export promotion. Nothing big was planned for the industry till the Third Plan, when only Rs 20 lakhs were earmarked for its development in consultation with the Central Silk Board. Six seed farms and markets were set up. Two reeling and spinning units were established at Seoni in Chhindwara district and Koni in Bilaspur. Training of about 300 persons, including officials, in silk-worm rearing and spinning was undertaken. They, in turn, gave demonstrations to rearers of silk-worms on Government seed farms. All this raised the production of cocoons from 26,000 kahans (one kahan is equal to 1,280 cocoons) to 30,000 in 1965; tusser yarn went up from 80,000 kg to 120,000 kg and tusser fabrics increased by 100,000 metres. But the drought years that followed brought progress practically to a standstill. In the next two years the production of cocoons went up by only 5,000 kahans, yarn increased to 140,000 and fabrics to 900,000 metres from 800,000.

Development plans for the next few years are also not very ambitious. A sum of Rs 40 lakhs has been earmarked. The plans this time emphasise popularisation of the silk products at all important industrial exhibitions in the country and abroad. Market studies have been made in Japan, France, West Germany, and also the United States. Efforts will be made to increase the food plants and research in improving the silk-worm varieties will be undertaken. New plantations, covering about 1,000 acres, will be got ready by 1975. These will provide food plants to about 1,000 more families of silk-worms. Block plantations in important tusser villages will also be encouraged. The number of seed farms will be increased from eight to 12. They will be able to meet the entire present demand for seed cocoons, and bring the cocoon production up to 50,000 kahans.

The two spinning units are being expanded and power-driven machinery is being installed to increase the yarn production. It is expected that the total turnover of tusser silk through all these plans will reach the value of Rs 1.5 crores. Of this, about Rs 50 lakhs worth of tusser silk is expected to be exported, more than doubling the present level of exports. □

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Belapur Sugar and Allied Industries Limited

CHAIRMAN'S speech delivered at the Annual General Meeting of the shareholders of the Company held on Monday the 31st May, 1971 at 4-00 p.m. (S.T.)

LADIES AND GENTLEMEN,

It is with pleasure that I welcome you all here today at this Meeting of the merged Company Belapur Sugar and Allied Industries Ltd. Although the Company's name has been changed all of us are familiar with each other and we do hope to have happy and mutually beneficial relationships for very many years. Before coming to other matters I would once again like to say that each and every member of this merged Company should continue to have the same confidence and faith in the new Company as they had in The Belapur Co. Ltd, and the Board would try its best to ensure good progress and prosperity for the benefit of all concerned.

The Directors Report and Accounts of the merged Company have no doubt been studied carefully by you and while noting some of the features, generally you may have felt confidence in the efforts made in the operations of the Company.

As would have been noticed despite a slightly higher recovery the total sugar produced was less primarily due to the non-availability of sugarcane. Apart from that, your Company had to face several other obstacles and difficulties particularly in the matter of the price factor affecting the products of your Company. As a result of the slow releases of sugar greater burden of financing and stocking and storing this commodity devolved on the operations of this Company. This extra strain coupled with substantial lower prices in a depressed market added to the final reduced results as would be noticeable from the Accounts. It would not be out of place to refer also to the poor quality of sugarcane available for crushing and greater efforts were needed to ensure better recovery through other purchases from quality sugarcane growers.

Now that, though late as usual, the Government in its wisdom have realised the need of decontrolling sugar, your Company feels that through its efforts it will ensure better profitability for its higher grade sugar and results would in the coming Accounts be of a higher satisfactory nature. While not trying to be over optimistic your Board and the Management feel that when presenting the Accounts for the current operations soon after the close of the year 1971, a more heartening picture will be evidenced and appreciated by all of you.

The crushing season this year closed some time in the second week of May. Generally speaking the recovery was somewhat higher than last year and also the sugar produced was more compared to last year's production. Nevertheless, as mentioned earlier, the stocks of unsold sugar in our godowns are pretty heavy.

Your Management is keeping a strict watch of the price variations and would at the earliest opportunity avail of disposing some portions of this at most advantageous prices. Once again to mention about the heavy stock, I would say that the total stocks carried over are almost more by 40 per cent to 50 per cent as compared to the stocks held by your Company at this time last year.

A word about the frequent threat of nationalisation of sugar industry here would not be out of place. From time to time responsible authorities choose to make statements on this issue for peculiar reasons and not generally in the best interest of either the industry or the consumer. The demoralising effect of this is felt seriously and severely in the case of such units who need to have programmes of modernisation and/or expansion. Already the evil effect of taking over sugarcane plantations from certain units in some States as in Maharashtra have had bad consequences of a nature hurting the economy of sugar production of the nation and thus making this vital commodity less competitive in the international sphere. While other countries realising this have gradually reverted to the old system as in Indonesia, here in India for illogical unrealistic and ideological reasons from time to time the talk goes on from responsible quarters about nationalising this vital industry of our nation. Not being yet satisfied with the evil consequences felt by large investments through various State enterprises working as a drag in the economy of the country, it is most unfortunate that responsible and farsighted leaders of our nation are even giving the farthest thought to such unwarranted gimmicks as would under no circumstance ensure satisfaction to any class, leave alone even the farmers and of course not to the consumers. It is hoped in the not too distant future the bitter lessons learnt would lead to a quick corrective on other fronts and put a complete stop to discussions or talks of nationalisation as being a cure for all economic evils. However, such lessons have to be learnt in a hard way and at a great expense to the nation.

Your Management is continuously having programmes of renovation and modernisation and from time to time various essential improvements have been made. One would with confidence say that your factory is now an up-to-date modernised unit which could compare favourably with any other. The results from these farsighted efforts of the Management will have a vital bearing in the future of your Company. Along with that your Management have kept a keen eye on controlling the expenses as would be seen by you in the detailed operating cost statement. When the operating costs are moving up in comparable units it would be to your satisfaction to find that all efforts have been made to control this, operating cost which show a very small increase to the

joint operating costs of both Gangapur and Belapur as of last year.

Finally, I would like to mention something about the recent taxation measure. Undoubtedly corporate bodies like your Company will be called upon to pay a heavier tax bill in the coming year. Nevertheless you would have noted with satisfaction that on account of the great efforts and farsighted approach of your Board of Directors as well as all executives of your Company, through this amalgamation it is expected that the tax liability during the year under discussion at this meeting and perhaps even for the succeeding year, a good deal of saving would result.

Finally, I may once again crave your sincere co-operation and would welcome any constructive suggestions or criticisms. In that context I would implore you to bear with your Board of Directors for a little more time particularly in the matter of some comments in the Directors' Report. After I deal with your other comments I would like to explain generally that aspect and hope you would feel satisfied.

Lastly, I sincerely thank my colleagues on the Board and also other executives and staff members both at Head Office and the factory for carrying on the working of the factory smoothly during the year, and for having reached for the first time the production figure of 3 lakhs bags of sugar the maximum production in the history of our Company.

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Started in January 1948, the *Industrial Court Reporter*, issued monthly, contains important orders and awards of the Industrial Court and Tribunals in Maharashtra State, as well as the selected decisions of the High Courts and the Supreme Court of India. The *Reporter* serves employers, employees, trade unions and lawyers in finding at one place the case law on industrial and labour matters.

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MONSOON AND COMMODITY SURVEY

Getting ready for the new season

By Commerce Research Bureau

IN large parts of the country, the pre-monsoon drizzles this year have been heavier than normal. In parts of the country, the monsoon has already begun. Nevertheless, most of the monsoon with its proverbial vagaries lies ahead of us. A good part of the year to year changes in the Indian economy is still determined by the monsoon. Naturally, the whole nation looks forward to the ensuing monsoon with understandable suspense and trepidation.

During the recent years, Indian agriculture has done reasonably well. After reaching a low in 1966-67, the agricultural production has been rising very rapidly. Between 1966-67 and 1970-71 it has increased by 35 per cent implying an annual growth rate of 7.8 per cent. A good part of this growth represented only a recovery from the drastic fall during the disastrous years of 1965-66 and 1966-67. If in order to eliminate this element of recovery we take 1964-65 as the base year, the annual rate of growth between 1964-65 and 1970-71 works out to 1.8 per cent. *Prima facie*, this is certainly not a good performance. But a question is: How much of this performance was due to a succession of good monsoons in recent years and how much due to the innate improvement in Indian agriculture?

The so-called Green Revolution has been with us for only 5 years or so and this period is too short for undertaking any dependable assessment of it. Under such circumstances, the economic analysts are always keen to have 'one more' year's data to isolate better the underlying trend unclouded by the vagaries of weather. Thus, the performance of the Indian agriculture in the next year will certainly give us a better insight into the nature and extent of the Green Revolution.

In the first two years of the Fourth Five-Year Plan, the Indian agriculture has certainly done well and the Annual Plan targets in respect of agriculture were broadly fulfilled—a rare achievement. Even if two years out of the remaining three years of the Fourth Plan record similar achievements, the Fourth Plan would be a grand success. But would it be so? There is again the same old nagging question: How much of the performance of the first two years of the Plan period was due to weather—an undependable factor—and how much due to dependable innate strength of the Indian agriculture? The level of output of various commodities in the coming year—irrespective of whether the monsoon is good or bad—will give us some reasonably firm clues about the trend in the rate of growth of Indian agriculture. This will also give us some idea as to whether and how far we are going to fulfil the central target for agricultural production of the Fourth Plan. Once this is known many other things would be easier to foresee.

The next monsoon is being awaited with all the greater impatience in Bihar and Maharashtra, which have had two bad monsoons in succession. Thus, at 70 lakh tonnes, the foodgrains output of Bihar in 1970-71 was 21 per cent lower than the

level two years ago. Similarly, in Maharashtra at 55 lakh tonnes, the 1970-71 level of output was 23 per cent below the level two years ago. For the rest, throughout the country the New Agricultural Strategy will be put to test during one more season. The fate of the Indian agriculture and the future of Indian economy in turn still hangs in the balance. We still do not know whether the New Agricultural Strategy marks a real break-through or it is only a false hope. The next monsoon will not provide a complete answer to many of our questions but it will certainly bring us somewhat nearer to the correct picture.

The monsoon in 1970 was excellent throughout the country except in Bihar and Maharashtra. In Maharashtra, 21 districts out of 26 have been adversely affected on account of drought conditions. Barring these areas, in the country as a whole, the precipitation of rainfall during 1970 was well distributed and the damage to kharif foodgrains in the flood-belt of the country was insignificant.

As a result, hopes ran very high. At one stage, it was expected that during the agricultural year July 1970-June 1971, the country would harvest a bumper foodgrains crop (kharif plus rabi) of 106 million tonnes. But this expectation was not realised owing to the unseasonal rainfall in May 1971, which appears to have damaged about a million tonnes of foodgrains valued at about Rs 100 crores. This brings home forcefully the need of improving our post-harvest technology, particularly the tech-

nique of processing and storage of foodgrains.

Nevertheless, the production of foodgrains is expected to rise by 5 million tonnes to 104.5 million tonnes in 1970-71 (Table 1). Thus, against the target of the average annual increase of 5.5 per cent laid down under the Fourth Plan, the actual increase in foodgrains production in 1970-71 would be about 5 per cent. The increase in foodgrains output is spread over both the kharif and rabi seasons.

The production of kharif foodgrains is expected to increase from 69 million tonnes in 1969-70 to 73.50 million tonnes in 1970-71. Of this increase, the output of rice alone is expected to increase by 2 million tonnes. Though the winter rains were delayed, the output of rabi foodgrains was, at an earlier stage, expected to rise by 1.5 million tonnes. But the unseasonal rainfall in May has damaged a million tonnes of foodgrains. As a result, the output of rabi foodgrains is likely to register a modest rise of half a million tonnes to 31 million tonnes.

Turning to the production of commercial crops, the output of five major oilseeds is expected to increase from 75.38 lakh tonnes in 1969-70 to 87.65 lakh tonnes in 1970-71—a rise of 16 per cent. The production of groundnut (nuts-in-shell) is expected to touch an all-time record level of 64 lakh tonnes. Even this level of production is inadequate to meet the country's requirements. The Government has, therefore, had to augment the edible oil sup-

Table 1 : Commerce Research Bureau's estimates of agricultural production in India—1970-71

Commodity	Unit	Weights in the official index numbers	1969-70		1970-71		Percentage variation
			Production	Index base : 1949-50 = 100	Production	Index base : 1949-50 = 100	
Rice	Million tonnes	35.3	40.43	159.9	42.50	188.1	5.1
Wheat	Million tonnes	8.5	20.09	297.5	21.00	310.9	4.5
Foodgrains	Million tonnes	66.9	99.50	168.6	104.50	177.0	5.0
Oilseeds							
Groundnut	Lakh tonnes	5.7	51.43	155.7	64.00	193.7	24.4
Sesamum	Lakh tonnes	1.2	4.33	104.0	4.50	108.1	3.9
Rapeseed and mustard	Lakh tonnes	2.0	15.07	185.5	14.25	175.5	-5.4
Linseed	Lakh tonnes	0.8	4.15	99.7	3.50	84.0	-15.7
Castorseed	Lakh tonnes	0.2	1.10	62.5	1.40	79.6	27.3
Fibres							
Cotton	Lakh bales	2.8	58.00*	202.0	54.00*	188.1	-6.9
Jute	Lakh bales	1.4	56.09	170.6	52.00	158.1	-7.3
Mesta	Lakh bales	0.3	11.41	170.5	10.00	149.4	-12.4
Plantation crops							
Tea	Million kgs.	3.3	395.00	149.1	419.70	158.5	6.3
Coffee	'000 tonnes	0.2	62.90	277.8	110.00	485.9	74.9
Rubber	'000 tonnes	0.1	81.95	445.5	92.36	502.1	12.7
Others							
Sugarcane (gur)	Million tonnes	8.7	13.44	210.8	13.20	212.9	-1.8
Tobacco	Lakh tonnes	1.9	3.38	128.2	3.50	132.7	3.6
Potatoes	Lakh tonnes	1.0	40.93	236.3	45.00	259.7	9.9
Pepper (black)	'000 tonnes	1.2	21.00	101.5	21.00	101.5	..
Chillies (dry)	Lakh tonnes	2.0	3.90	130.4	4.00	133.8	2.6
Ginger (dry)	'000 tonnes	0.3	10.25	127.4	19.25	127.4	..
Non-foodgrains	..	33.1	..	172.5	..	178.9	3.7
All Commodities	..	100.0	..	169.9	..	177.6	4.5

* Trade estimates.

plies through the imports of soyabean oil from the US, sunflower seed oil from the USSR and rapeseed from Canada. During 1971-72, the Government plans to import about 1.50 lakh tonnes of soyabean oil from the US. Turning to fibres, the output of cotton, jute and mesta during 1970-71 was significantly lower than the preceding year. The sugarcane crop is expected to be only nominally lower than the record level of the preceding year. The output of tea increased from 395 million kg in 1969 to the record level of 419.7 million kg in 1970 or by 6.3 per cent. During 1970-71, the production of coffee at 1.10 lakh tonnes has increased sizably by about 75 per cent and established an all-time record.

In 1970-71, the overall agricultural production is expected to increase by 4.5 per cent, against an impressive rate of 6.5 per cent in the preceding year and 5 per cent per annum fixed for the Fourth Plan. Thus, the performance of agricultural production in 1970-71, though slightly below the target, should be regarded as satisfactory, particularly because this was on top of the excellent performance of the preceding year.

While waiting for the monsoon, considerable efforts are made by both farmers and Government agencies to raise the level of agricultural production in the agricultural year July 1971 to June 1972. Private investment in agriculture has increased significantly. Even the small farmers are investing sizable funds in agriculture by borrowing, among other sources, from the nationalised banks. The aggregate advances of public sector banks to agriculture stood at Rs 344 crores at the end of December 1970. A further surge can be expected in 1971.

For 1971-72, a number of agricultural development programmes have been undertaken. Firstly, the target for the coverage of high-yielding varieties programme has been fixed at 16.7 million hectares for 1971-72, against the actual achievement of more than 14 million hectares in 1970-71. Further developments for better varieties have occurred. A new wheat variety namely, HD-1941, a triple dwarf capable of good response to high doses of fertilisers, has recently been recommended for public release. There are also a number of high-yielding varieties of rice, namely, *Jaya*, *Padma*, *Hansa*, *Pankaj*, *Jagannath* and *Sabarmati*. Secondly, the target for the area under multiple cropping has been fixed at 10.30 million hectares for 1971-72, against the actual achievement of 9.40 million hectares in 1970-71. Thirdly, the consumption of chemical fertilisers is expected to be stepped up by about 15 per cent to 2.4 million tonnes of NPK in 1971-72, against the estimated consumption of 2.1 million tonnes in 1970-71 (Table 3). Fourthly, additional area is being brought under the irrigation facilities. At present, only one-fourth of the net sown area is under irrigation facilities. Since water is the crucial input, a number of State Governments are implementing major and minor irrigation schemes for increasing the agricultural production. Fifthly, during 1971-72, about 58 million hectares will be covered under the plant protection measures, against the actual achievement of 43 million hectares in 1970-71.

The Union Ministry of Agriculture has drawn up an ambitious Rs 4.8-crore programme for 1971-72 to achieve a breakthrough in the production of the commercial crops such as cotton, jute and oilseeds.

Table 2 : Statewise estimates of production of foodgrains—1964-65 to 1970-71

(Lakh tonnes)

State	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	1970-71 (a)	Average of 1964-65 to 1970-71	Per- cent- age to total	Annual compound rate of increase/ decrease between 1964-65 and 1970-71
Andhra Pradesh	77.04	60.98	77.18	71.88	68.47	74.00	78.00	72.50	8.1	0.2
Assam	19.75	19.10	18.11	20.37	23.04	21.19	22.50	20.58	2.3	2.2
Bihar	75.31	71.90	41.33	86.27	88.70	75.40	70.00	72.71	8.1	-1.1
Gujarat	28.80	24.16	21.86	33.30	23.46	32.21	34.00	28.26	3.1	2.8
Haryana	27.04	20.77	23.73	30.92	30.06	40.26	40.00	33.68	3.7	9.3
Himachal Pradesh	8.47	5.71	7.72	8.98	9.61	9.82	11.50	8.83	1.0	5.2
Jammu and Kashmir	5.66	4.99	6.52	8.81	10.99	11.51	11.75	8.32	0.9	12.8
Kerala	11.50	10.25	11.12	11.51	14.27	12.43	13.25	12.05	1.3	2.4
Madhya Pradesh	102.33	68.23	63.11	102.32	94.60	97.69	102.50	90.11	10.0	..
Maharashtra	67.45	46.95	60.50	68.25	71.57	69.14	55.00	62.69	7.0	-2.9
Mysore	48.39	35.45	41.73	48.65	50.49	58.91	62.00	49.09	5.5	4.2
Nagaland	0.43	0.43	0.50	0.51	0.53	0.50	0.52	0.49	0.1	3.2
Orissa	49.46	37.31	43.55	43.35	54.29	50.33	53.50	47.40	5.3	1.4
Punjab	40.39	33.91	42.17	54.07	62.52	69.37	70.00	53.20	5.9	9.6
Rajasthan	53.08	38.39	43.31	66.02	40.07	47.50	76.00	52.08	5.8	6.1
Tamil Nadu	56.93	50.32	57.90	57.61	54.15	62.39	72.00	58.76	6.5	4.0
Uttar Pradesh	132.72	133.11	118.74	167.79	162.96	175.47	180.00	155.83	17.3	2.8
West Bengal	62.59	54.48	53.77	57.41	71.62	73.64	78.00	64.50	7.2	3.7
All India	893.56	723.47	742.31	950.52	940.13	995.01	1,045.00	898.57	100.0	2.6

NOTE: (a) Estimated by Commerce Research Bureau.

SOURCES: (1) For 1964-65, Directorate of Economics and Statistics, Ministry of Food, Agriculture, Community Development and Co-operation, *Estimates of Area and Production of Principal Crops in India 1968-69* (Summary tables), November 1969, pp. 74-80.
2. For 1965-66 to 1969-70, Government of India, *Economic Survey 1970-71*, May 25, 1971, pp. 84-87.

Table 3 : Consumption of chemical fertilisers

(Lakh tonnes of nutrients)

Year	Nitrogenous	Phosphatic	Potassic	Total	Percentage variation
1965-66	5.75	1.32	0.77	7.84	..
1966-67	7.38	2.49	1.14	11.01	40.4
1967-68	10.35	3.35	1.70	15.40	39.9
1968-69	12.08	3.82	1.70	17.60	14.3
1969-70	13.60	4.20	2.09	19.89	13.0
1970-71	14.25	4.61	2.26	21.12	6.2
1971-72 (a)	16.40	5.30	2.60	24.30	15.0

NOTE: (a) Estimated by Commerce Research Bureau.

SOURCE: Government of India, *Economic Survey 1970-71*, May 25, 1971.

Table 4 : Statewise consumption of chemical fertilisers during the 1970 kharif

(Tonnes)

State	Nitrogenous	Phosphatic	Potassic	Total	Percentage to total
Andhra Pradesh	1,20,000	33,000	9,300	1,62,300	16.5
Assam	2,000	500	500	3,000	0.3
Bihar	40,530	18,000	6,580	65,170	6.6
Gujarat	40,800	25,000	2,000	68,400	7.0
Haryana	18,000	1,320	330	19,650	2.0
Himachal Pradesh	1,708	525	27	2,260	0.2
Jammu and Kashmir	2,903	654	230	3,787	0.4
Kerala	11,600	8,300	15,000	34,900	3.6
Madhya Pradesh	28,330	14,745	1,415	44,490	4.5
Maharashtra	53,500	33,000	16,000	1,02,500	10.4
Mysore	68,000	21,000	3,500	92,500	9.9
Nagaland	..	..	..	..	..
Orissa	8,000	4,000	1,200	13,200	1.3
Punjab	47,535	3,300	916	51,757	5.3
Rajasthan	15,000	2,400	700	18,100	1.8
Tamil Nadu	73,000	23,000	20,000	1,16,000	11.8
Uttar Pradesh	1,10,000	20,000	12,000	1,42,000	14.5
West Bengal	22,480	4,340	4,072	30,892	3.1
All India	6,68,632	2,14,796	1,00,279	9,83,707	100.0

Besides, Rs 1.1 crores will be spent for research in this field. The Union Ministry of Agriculture has also formulated a scheme for setting up about 500 agro-service centres in rural areas on a pilot basis.

The Government has now turned its attention to dry farming. Areas with an annual rainfall ranging between 375 mm and 1,125 mm come under the operational scope of the programme. An intensive programme has been launched to develop and extend techniques and measures which are capable of benefiting dry farming regions. The development efforts under this programme involve the adoption of soil and moisture conservation practices, the cultivation of drought-resistant and short-duration crops and new techniques of fertiliser applications etc.

On the whole, the country is making reasonably good efforts to get ready for the new agricultural year. Given the normal monsoon, the foodgrains production may touch a level of 108 million tonnes in 1971-72, against the target of 115.6 million tonnes. If the monsoon turns out to be exceptionally good, the foodgrains production may rise to 110 million tonnes. In case the monsoon turns out to be subnormal, the foodgrains production may remain stagnant at around 105 million tonnes.

According to the Agricultural Prices Commission, in 1971, the offtake from the public distribution system is expected to fall to 8.5 million tonnes from 9 million tonnes in 1970. However, on account of the extra demand for foodgrains arising from the influx of refugees from Bangla Desh, the offtake of foodgrains from the public distribution system is expected to rise rather sharply during 1971. To meet this situation, the Government has decided to import about three million tonnes from the US under the PL 480 by the end of 1971. At the end of December 1970, the stocks of foodgrains with the Union and State Governments were 5.4 million tonnes.

A review of the performance of various States in respect of agriculture during 1964-65 to 1970-71 and the various measures they plan to undertake to increase the agricultural production in 1971-72 are given below:

Andhra Pradesh

During the years 1964-65 to 1970-71, the production of foodgrains in this State remained stagnant. In fact the production of foodgrains was much below the 1964-65 level in the years 1965-66 and 1967-68 to 1969-70 (Table 2). Telengana, an unirrigated low rainfall area, is the problem area of the State where possibilities of agrarian advancements are being explored on scientific lines. The total cultivated area in this region is 4.2 million hectares. Of this only 0.7 million hectares have irrigation facilities, mainly from non-reliable tanks. Hope in the drought-affected areas of Rayalaseema and Telengana now centres on the exploitation of ground water. Turning to the State as a whole, the State Government has programmed to bring about 10 lakh hectares under the high-yielding varieties during 1971-72, against about 8 lakh hectares in 1970-71. Given the normal monsoon together with the use of modern inputs, the production of foodgrains in the State is expected to increase by about 5 lakh tonnes to 83 lakh tonnes in 1971-72.

Assam

Annual compound rate of increase of foodgrains production between 1964-65 and 1970-71 was only 2.2 per cent, against the national average of 2.6 per cent. Thus, the performance of foodgrains production in the State was poor. The State Government has formulated various programmes to achieve a five per cent increase in the production of foodgrains during 1971-72. Besides, the production of cash crops, such as, jute, tea, sugarcane, potato and oilseeds will be increased during 1971-72 so as to secure a balanced development of agriculture. During 1970-71, the high-yielding varieties programme will cover an area of 15 lakh hectares, against the expected 13 lakh hectares in 1970-71. Plant protection measures are expected to cover an area of 13 lakh hectares in 1971-72, against 1.1 lakh hectares in 1970-71.

Bihar

Owing to the drought conditions in south Bihar during 1970-71, the production of foodgrains fell by 5 lakh tonnes to 70 lakh tonnes. Thus, the foodgrains production in 1970-71 is lower than the level achieved in 1964-65. As a result, between 1964-65 and 1970-71, the foodgrains production in the State showed a negative rate of growth. The State Government plans to increase the area under irrigation and has taken steps for the speedy execution of the Rs 578-crore Bagmati irrigation scheme. The scheme envisages assured irrigation facilities to 1.11 lakh hectares in Champaran and Muzaffarpur districts. During 1971-72, the area under high-yielding varieties is expected to be raised to about 8.5 lakh hectares, against about 7 lakh hectares in 1970-71.

Gujarat

The production of foodgrains in the State between 1964-65 and 1970-71 increased at the annual compound rate of 2.8 per cent, i.e. slightly above the country's rate of growth of 2.6 per cent. However, Gujarat farmers have specialised in the production of cash crops such as groundnut, castorseed, tobacco and cotton where they have raised the productivity of these crops significantly. If the production of non-food crops is taken into account, the overall performance of this State shows an impressive growth rate. During 1971-72, an area of 10 lakh hectares is expected to be covered under the high-yielding varieties, against an estimated coverage of 8 lakh hectares in 1970-71.

Haryana

Though the State has visibly achieved a break-through in the field of agriculture, the employment of improved technology on the farm has yet to attain desirable level. The green revolution in the State is evident in respect of wheat. The production of foodgrains in the State increased by a fantastic rate of 9.3 per cent per annum between 1964-65 and 1970-71. This is a remarkable achievement. The State is surplus in foodgrains.

During 1971-72, the State Government has programmed to bring about 10.4 lakh hectares under the high yielding varieties programme, against 8.8 lakh hectares in 1970-71. The consumption of fertilisers is proposed to increase from 104 kg per hectare in 1970-71 to 138 per hectare in 1971-72. However, the consumption of fertilisers

during the 1970 kharif was only 14 kg per hectare i.e. slightly above the national average of 12.2 kg per hectare. During 1968-69 and 1969-70, the net irrigated area in the State has increased at the rate of 7 per cent per annum. This rate of increase is expected to have continued in 1970-71. Thus, the State is making all efforts to bring more area under irrigation. The Jui Canal Project and Loharu Lift Irrigation Scheme are crucial landmarks in the history of irrigation in Haryana. The work on these schemes is in progress.

Himachal Pradesh

Between 1964-65 and 1970-71 the production of foodgrains in the State increased at a satisfactory rate of 5.2 per cent per annum, against 2.6 per cent for the country. The possibilities of increasing foodgrains production through extensive measures are rather limited in the State on account of difficult hilly terrain and stony small holdings. The high-yielding and multiple cropping programmes have been launched in the valley areas of the State. Further, mixed farming is in progress. Two projects with the collaboration of Federal Republic of Germany are in progress in Mandhi and Kangra districts for the purpose of integrated farming. During the 1970 kharif the consumption of fertilisers per hectare in the State was less than half of the national average. Recently, the State has made big strides in horticulture and has earned a name as a production of quality apples. The area under horticulture in the State is expected to increase from 39,274 hectares in 1969-70 to 42,530 hectares in 1970-71. In 1971-72, it is expected to increase further to 45,000 hectares.

Jammu and Kashmir

This State registered the highest annual compound rate of increase of 12.8 per cent in the production of foodgrains between 1964-65 and 1970-71. This is a remarkable achievement. Nevertheless, the State continues to be deficit in foodgrains. Still more efforts are needed to wipe out the foodgrains deficit. During 1971-72, about 50,000 hectares are expected to be covered under the high-yielding varieties, against 30,000 hectares in 1970-71. The consumption of fertilisers was 3,787 tonnes in the 1970 kharif. This is expected to increase to 4,500 tonnes in the 1971 kharif. If the monsoon in 1971 turns out to be good, the State is expected to increase its foodgrains production from 11.75 lakh tonnes in 1970-71 to about 13 lakh tonnes in 1971-72.

Kerala

Between 1964-65 and 1970-71, the annual compound rate of increase in State's foodgrains production was only 2.4 per cent that is slightly below the country's overall growth rate of 2.6 per cent. The State is still deficit in rice, the main staple food item of the people. The plantation crops dominate in the State. During 1971-72, about 5.50 lakh hectares will be covered under the high-yielding varieties, against the estimated coverage of 5 lakh hectares in 1970-71. The consumption of fertilisers is expected to increase from 34,900 tonnes in the 1970 kharif to about 45,000 tonnes in the 1971 kharif. The State is poised for increasing the production of rice from

1325 lakh tonnes in 1970-71 to about 15 lakh tonnes in 1971-72.

Madhya Pradesh

Between 1964-65 and 1970-71, the production of foodgrains in the State remained almost stagnant. In fact, the production of foodgrains in the State during 1965-66 to 1969-70 was below the level of 1964-65. During 1971-72, the high-yielding varieties programme is expected to cover an area of 450 lakh hectares, against the estimated achievement of 350 lakh hectares in 1970-71. The consumption of fertilisers was only 44,490 tonnes in the 1970 kharif season. This is expected to increase to about 75,000 tonnes in 1971-72.

Maharashtra

Owing to the drought conditions in 21 districts out of 26 districts during 1970-71, the production of foodgrains in the State, declined sharply from 69.14 lakh tonnes in 1969-70 to 55 million tonnes in 1970-71. Official estimates placed the total loss to crops at Rs 160 crores for 1970-71. For 1971-72, the State's Annual Plan provides Rs 38.79 crores for agriculture and allied programmes and Rs 33.27 crores for irrigation facilities. Currently, irrigation schemes involving a capital outlay of Rs 512 crores are in progress. The gross irrigated area increased in the State from 16.89 lakh hectares in 1969-70 to 18.70 lakh hectares during 1970-71. During 1970-71, the high-yielding varieties programme is expected to cover an area of 18 lakh hectares, against the estimated achievement of 15 lakh hectares in 1970-71. The consumption of fertilisers is also expected to increase from 1.03 lakh tonnes in the 1970 kharif to 1.25 lakh tonnes in the 1971 kharif. The Union Government has sanctioned three schemes under the Small Farmers' Development Agency for the districts of Ratnagiri-Satara, Thana-Nasik and Bhandara. Further, two schemes for the marginal farmers and agricultural labourers for Ratnagiri-Satara and Parbhani districts, have been sanctioned. The Union Government has approved special schemes for chronically drought-affected talukas in six districts during 1970-71.

Mysore

The annual compound rate of increase in the production of foodgrains between 1964-65 and 1970-71 was 4.2 per cent, against 2.6 per cent for the country. On the whole this is good performance. During 1970-71, about 5.50 lakh hectares will be brought under the high-yielding varieties programme, against the estimated achievement of 4.50 lakh hectares in 1970-71. The consumption of fertilisers is expected to increase from 97,500 tonnes in the 1970 kharif to 1,15,000 tonnes in the 1971 kharif. For 1971-72, Rs 12.50 crores have been earmarked for Centrally-sponsored schemes for agricultural development. About Rs 8 crores would also be provided by the Centre under special programmes for small farmers, marginal farmers and agricultural labourers as well as for special schemes to relieve rural unemployment. On February 2, 1971, a Rs 16-crore scheme under the Small Farmers' Development Agency was inaugurated in the North Kanara district.

Nagaland

During 1964-65 to 1970-71, the average production of foodgrains in the State was 52,000 tonnes. The only crop produced in

the State is paddy. The agriculture in the State is very backward on account of hilly terrain. For 1971-72, Annual Plan outlay has been fixed at Rs 7.86 crores. Top priority has been accorded to the construction of roads for which Rs 2 crores have been provided.

Orissa

The output of foodgrains in the State between 1964-65 and 1970-71 increased at an annual compound rate of only 1.4 per cent, against 2.6 per cent for the country. Thus, the overall performance of the foodgrains production in the State was rather bad. During 1971-72, high-yielding varieties will cover an area of 3.50 lakh hectares, against the estimated achievement of 2.60 lakh hectares in 1970-71. The consumption of fertilisers in the State is expected to rise from 13,300 tonnes in the 1970 kharif to 16,000 tonnes in the 1971 kharif. Owing to the good rainfall in May, more acreage has been brought under the jute crop. The production of jute is expected to be higher in 1971-72.

Punjab

Punjab is the granary of India. The green revolution is a reality in the State. Between 1964-65 and 1970-71, the production of foodgrains in the State increased at an annual compound rate of 9.6 per cent, against 2.6 per cent for the country. This spectacular breakthrough is due to the use of improved cropping techniques, high-yielding varieties, modern agricultural implements, judicious use of fertilisers and adoption of plant protection measures. For 1971-72, the production target for foodgrains has been fixed at 72.50 lakh tonnes. Of this, target for wheat is fixed at 49.75 lakh tonnes. For 1971-72 the production targets for cotton, sugarcane (gur) and oilseeds have been fixed at 9.20 lakh bales, 6.30 lakh tonnes and 3.60 lakh tonnes, respectively. The State Government has programmed to bring 19.29 lakh hectares under the high-yielding varieties during 1971-72. The State Government plans to distribute 13.94 lakh tonnes of fertilisers during 1971-72, against the estimated consumption of 10 lakh tonnes in 1970-71. During the 1970 kharif, the per hectare consumption of fertilisers in the State was 51 kg that is highest among all the States in the country. During 1971-72 about Rs 14.2 crores will be made available to about 20,000 farmers to sink tubewells. Further, the State Government has decided to establish a Small Farmers' Development Agency at Sangrur covering Sangrur and Patiala districts. A similar agency at Ferozepur covering Ferozepur and Amritsar districts will be established.

Rajasthan

During 1970-71, the production of foodgrains in the State at 76 lakh tonnes recorded an all-time high. As a result, the production of foodgrains in the State between 1964-65 and 1970-71 increased at an impressive rate of 6.1 per cent, against 2.6 per cent for the country. During 1971-72, the area under high-yielding varieties programme is expected to be 7.50 lakh hectares, against the estimated achievement of 6.50 lakh hectares in 1970-71. The consumption of fertiliser is expected to increase from 18,100 tonnes in the 1970 kharif to 25,000 tonnes in the 1971 kharif. In the Annual Plan outlay for 1971-72, priority has

been accorded to agriculture, irrigation and power projects. Given normal rainfall, the State is likely to register further progress in agricultural production.

Tamil Nadu

The output of foodgrains in the State rose at an annual compound rate of 4 per cent between 1964-65 and 1970-71. This rate of increase is slightly above the national average and reflects rather satisfactory performance of the State in respect of foodgrains production. The State Government plans to increase the area under high-yielding varieties of rice and millets from 18.2 lakh hectares and 1.6 lakh hectares in 1970-71 to 20.2 lakh hectares and 2.8 lakh hectares respectively in 1971-72. The Plan also calls for the introduction of high-yielding varieties of pulses on 0.8 lakh hectares. The State Government has sanctioned Rs 12.25 lakhs for the development of arecanut cultivation at the foot of Nilgiri hills. For 1971-72, the agricultural programmes in the State have been so designed as to step up the foodgrains production to 77 lakh tonnes from 72 lakh tonnes in 1970-71. Of this, the production of rice will alone be 60 lakh tonnes. Given fairly normal seasonal conditions in the 1971-72 agricultural year the target for foodgrains production will be achieved.

Uttar Pradesh

Uttar Pradesh accounts for about one-fifth of the total foodgrains production in the country. The annual compound rate of increase in the foodgrains production of the State was slightly higher at 2.8 per cent between 1964-65 and 1970-71 against 2.6 per cent for the country. During 1971-72 a target of 12 lakh hectares has been fixed for the high-yielding varieties against the estimated achievement of 10 lakh hectares in 1970-71. The consumption of fertilisers is expected to rise from 1.42 lakh tonnes in the 1970 kharif to 1.75 lakh tonnes in the 1971 kharif. The State has comparatively good irrigation facilities. The outlay for the 1971-72 Annual Plan has been fixed at Rs 209 crores. A significant portion of this amount is earmarked for the development of agriculture.

West Bengal

During 1970-71 the production of foodgrains in the State is expected to touch a record level of 78 lakh tonnes. Between 1964-65 and 1970-71, the output of foodgrains in the State rose at the annual compound rate of 3.7 per cent against 2.6 per cent for the country. During 1971-72, the high-yielding varieties programme will cover an area of about 10 lakh hectares, against the estimated achievement of 8 lakh hectares. The consumption of fertilisers is expected to increase from 30,892 tonnes in the 1970 kharif to about 45,000 tonnes in the 1971 kharif. With good rainfall in April-May 1971, the State has brought more area under the jute crop. During 1971-72, the State Government has planned to bring an additional area of 19,000 hectares under the special package programme of jute. Further the Union Government has introduced a special package programme for the improvement of jute cultivation. Under the scheme, about 810 hectares in Howrah district would be brought under the jute cultivation in addition to 3,240 hectares already marked for jute. This programme will cost Rs 1.25 lakhs and is expected to yield an additional Rs 30 lakhs worth of jute. □

EXPORT ANGLE

By Stevedore

Scrap exports

EXPORTS of rolling mill-scale scrap are looking up once again. During April-May this year, the Metal Scrap Trade Corporation (MSTC) exported over 24,000 tonnes of rolling mill scale scrap. According to Mr T V Rama Rao, Chairman of MSTC, exports of this category of scrap during 1971-72 will be at least 50 per cent higher than the 1970-71 figure of 34,593 tonnes. In view of the adequate availability of this scrap from the main steel plants, it would be possible for Metal Scrap Trade Corporation to export one lakh tonnes per year. The Rourkela steel plant alone can supply 40,000 tonnes every year. The only snag in the way of increasing exports is the high cost of transportation by railways and port charges. The present cash incentive on the exports at 5 per cent of the actual fob realisation is not adequate as the incentive per tonne works out to only Rs 3—the cost of transportation and port charges together coming to nearly Rs 40 per tonne. Mr Rao has, therefore, called for a realistic reassessment of assistance by the Government. □

Tea agreement

INDIA will participate in a conference to be held in Rome this September to explore possibilities of an international agreement on the export and sale of tea on a long-term basis, announced Mr B B Vohra, Chairman Indian Tea Board, in Darjeeling on May 27. Although India and Ceylon have a common approach in regard to tea exports, smaller tea producing countries also are now insisting on having an international arrangement on an experimental basis. According to Mr Vohra there has been a phenomenal increase in the tea-drinking habits in the US and the USSR. Consumption of tea in these countries went up by 7 per cent last year. □

Freight increase on ores

THE freight increase on low rated commodities proposed in the Railway Budget may have adverse impact on the export of minerals. Exemption has been provided only to exports of ores from Buladila and Kiriburu mines which constitute only 50 per cent of the total. The incidence of additional burden on Minerals and Metals Trading Corporation (MMTC) is expected to be of the order of Rs 120 crores—Rs 1 crore on iron ore and Rs 20 lakhs on manganese ore and coal as a result of the freight hikes proposed in the railway budget. □

Manganese ore

THE emphasis in the export of manganese ore is reportedly being shifted from high grade ore to medium and low grade ores. This is because of the limited resources of manganese ore, particularly the high grade ones, and the increasing demand for such ore by ferro-manganese industry following the creation of new steel-making capacity and the expansion of the existing

steel plants. Although the Minerals and Metals Trading Corporation, through which exports of manganese ore are channelised, achieved a record performance of 1.74 million tonnes during 1970-71 valued at Rs 1381 crores, official circles do not hold out any promise of a 'return to the old marketing position', enjoyed by the ore. The MMTC exported 13 million tonnes valued at Rs 1110 crores and 12 million tonnes valued at Rs 1152 crores in 1969-70 and 1968-69 respectively. □

Export promotion councils

SOME major changes are expected to be made in the set-up of export promotion councils in order to make them more effective in the promotion of exports. The Bhagwan Singh Committee which is presently examining the working of various export promotion councils is expected to submit a preliminary report very shortly. The final report of the Committee will, however, be presented only in August. □

What India can sell

THE Directorate of Commercial Publicity in the Ministry of Foreign Trade has issued a further list of global tenders. The purchasing authorities, the items required and the closing dates of these tenders are as follows:

Burma

The Managing Director, People's Pearl and Fishery Board Rangoon, Bucket elevator and GI wire, June 18, 1971.

The Director, Myanma Bawdwin Corporation, Rangoon, Miscellaneous stores, June 15, 1971.

The Chief Engineer, State Timber Board, Rangoon, Overhead gantry crane spares, June 19, 1971.

The Controller of Store, Inland Water Transport Board Rangoon, Electrical installation for river tug machine room axial flow fans, surface mounting distribution board, plugs and sockets, rocker dolly switch, plastic luminaries for incandescent lamps, Lights for main desk electric horn and oil pumps, June 26, 1971, Electrical installation for river push tug medium, River radar system, echo sounder system, radio transmission set, internal communication set and air conditioner plant, June 27, 1971.

Cambodia

The Sonexim, Phnom Penh, Pharmaceutical and chemical products, June 8, 1971.

Iraq

The Iraqi Ports Administration, Basrah, SSBHF radio transmitters and receivers, MF radio beacons, VHF direction finder and public address system equipment, July 18, 1971, Feeding conveyors for sulphur loading berth at Um Qasr, Fire fighting materials for ships, June 9, 1971.

The Administration of Distribution of Oil Products (Stores and Purchases Department), Baghdad, Cables and electrical materials, June 29, 1971.

The Secretary, Purchase and Tender Committee, Ministry of Municipalities, Baghdad, Lead detectors complete with cases and accessories, HT pin and disc insulators, June 12, 1971.

The Purchasing Department, The State Organisation for Construction Industries, Baghdad, Fibre bricks, June 8, 1971.

Morocco

The Director, Regional Office for the Agricultural Development of Gharb (Ormvag), Irrigation channels, buses, drainage collectors and various works, July 29, 1971.

Philippines

The National Irrigation Administration,

Quezon City, Billet steel bars for concrete reinforcement, June 25, 1971.

South Vietnam

The Central Logistics Agency, Saigon, Hyalide lamp detector and methyl bromure, June 8, 1971.

Sudan

The Government Printing Press, Ministry of Treasury, Khartoum, Eyeletting machines etc, Automatic knife grinding machine, Closing date not indicated.

Thailand

The Royal Irrigation Department, Bangkok, Triaxial shear test chamber and testing machine, June 14, 1971.

The Purchaser, Purchase & Stores Department, Metropolitan Electricity Authority, Bangkok, 115KV epoxy-glass crossarm, June 28, 1971, Battery and battery charger, July 5, 1971.

The Electricity Generating Authority of Thailand, Nonthaburi, Power circuit breaker, Closing date not indicated.

Tunisia

Societe Nationale D'exploitation Ft De Distribution Des Eaux, Tunis, Drinking water project, July 30, 1971.

Turkey

Turkiye Sut Endustrisi Kurumu (Turkish Dairy Industries Association), Ankara, Cheese production plant, June 21, 1971.

Turkiye Elektrik Kurumu (Turkish Electricity Authority) Ankara, Condenser tubes, July 1, 1971.

UAR

The Controller (Purchases and Stores), Egyptian Railways, Cairo, Roller-bearings, June 24, 1971.

Alexandria Passenger Transport Authority, Alexandria, Supply of 50 electric trains; Closing date not indicated.

Misr Beida Dyers, Alexandria; Supply of 4,500 metres cloth lapping woollen; Closing date not indicated.

Uruguay

The Uruguayan Electricity and Telephone Authority (UET), Underground cable and junction boxes; July 15, 1971.

Exporters may obtain the tender document from the purchasing authorities of the respective countries. Further details about these overseas contracts can be had from the Indian Export Service Bulletin dated May 22, 1971, issued by the Directorate of Commercial Publicity in the Ministry of Foreign Trade, Udyog Bhavan, New Delhi.

Budget and the economy

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PROFILE OF THE UNION BUDGET 1971-72

Development expenditure :

Development expenditure is being raised to
from

Rs 3,574 crores in 1971-72 (B.E.)
Rs 3,292 crores in 1970-71 (R.E.)

Marking an increase of

Rs 282 crores

Non-development expenditure :

Non-development expenditure will be lower at
from

Rs 2,409 crores in 1971-72 (B.E.)
Rs 2,434 crores in 1970-71 (R.E.)

Marking a decline of

Rs 25 crores

Total expenditure :

Total expenditure of Central Government
will rise to
from

Rs 5,983 crores in 1971-72 (B.E.)
Rs 5,726 crores in 1970-71 (R.E.)

Marking an increase of

Rs 257 crores

The gap :

Total expenditure

Rs 5,983 crores

Total receipts at existing rates of taxation ..

Rs 5,586 crores

Gap

Rs 397 crores

How it is being bridged :

The Central Government will raise through
deficit financing

Rs 220 crores

Additional taxation (Net of share of States) ..

Rs 177 crores

Total ..

Rs 397 crores

At Rs 220 crores, the deficit financing by the
Central Government will be lower than the cor-
responding figure of Rs 230* crores in 1970-71 (R.E.)
(*likely to be about Rs 300 crores)

Tax measures :

Additional revenue in the remaining months
of 1971-72 through various tax measures would be
as under :

Direct taxes (a+b+c)

Rs 34 crores

(a) Income tax

Rs 27 crores

(b) Wealth tax, etc.

Nil

(c) Others (Foreign travel)

Rs 7 crores

Indirect taxes (d+e)

Rs 186 crores

(d) Union excise duties

Rs 132 crores

(e) Customs duties

Rs 54 crores

Total ..

Rs 220 crores

Less share of States

Rs 43 crores

Net yield to the Centre

Rs 177 crores

In a full year :

Yield of new taxes

Rs 294 crores

Less share of States

Rs 57 crores

Net yield to the Centre

Rs 237 crores

THE UNION BUDGET 1971-72

No fair deal for big or small

By C. C. Chokshi

THE Budget for the year 1971-72 has been received with mixed feelings. The complaint is that the Budget is severe on the middle classes and it is not at all helpful to the common man. It is certainly anti-rich and anti-affluent classes but that cannot be a complaint in the present atmosphere of socialism prevalent in the country. It is not the intention of this writer to enter into any controversy or to criticise a political philosophy. The intention of an objective study of the Budget should be to look at the proposals and their likely impact on the economy in an impartial manner.

The Finance Minister has set out certain objectives before him in framing the Budget proposals. The broad principles upon which additional resources are raised are as follows:

- (1) Simplification and rationalisation of the tax structure in a manner aimed at reducing the burden of assessment and minimising the opportunities for evasion.
- (2) The distribution of the overall burden of tax in a manner that there is an appreciable scaling down of the concentration of economic power and reduction in inequalities in income and wealth.
- (3) To ensure that as far as possible fresh imposts do not disturb the general level of prices of essential goods.

Based upon these principles the conclusion that has been drawn is that the concentration of the additional tax effort should be on the direct taxes and more particularly on the affluent groups, as also on such categories of indirect taxes as affect luxury and near-luxury commodities. The need for additional resources has been considered inevitable in the context of the need to augment the Plan outlay to create additional employment opportunities and to offer succour to the evacuees from East Bengal.

It should be abundantly clear from the enunciation of the Budget policy by the Finance Minister that the following fundamental objectives which are the need of the hour are missing: (1) There is no attempt to encourage increase of production. (2) No positive steps are spelt out towards the creation of a climate for economic development that alone can increase employment.

In regard to the first fundamental objective, namely, increasing production, the Finance Minister has recognised in his speech that in the industrial sector lack of certain essential raw materials has hampered production in some areas and there is still under-utilisation of capacity in a

few other areas. It has further been recognised that the price rise in the economy has been sufficiently disquieting last year. One of the principal remedies for combating inflation is to achieve a rapid increase in production. There appears to be a total lack of any measures in the Budget proposals in this direction.

It is, no doubt, true that the Finance Minister has recognised the dangers of price instability. Faster economic growth and greater social justice, he observes, will be elusive goals unless pursued in a milieu of relative price stability. In framing the additional imposts the only attempt has been to see that there is no disturbance of the general level of prices of essential goods. There does not appear to be a deliberate thrust in the direction of controlling the disquieting tendency of prices. Subsequent press reports further confirm the general feeling that the Budget would result in certain price increases thereby adding to the malady rather than mitigating it.

To a large measure this inequilibrium of inflation can be traced to the factors recounted in the Budget speech. The revised estimates for the year 1970-71 pitch up the extent of deficit from Rs 230 crores to Rs 270 crores. Added to this is the strain on prices caused by various State overdrafts aggregating to Rs 260 crores. It has been recognised that such overdrafts assume additional gravity as they emerge even after the liberal special assistance granted to the States by the Centre. These two factors put together themselves account for an uncovered deficit of Rs 530 crores. The Finance Minister further confessed that Plan expenditure has encountered shortfalls in performance in 1970-71. If such expenditure had also been disbursed the magnitude of the overall deficit would indeed have been very staggering.

Essentially, it is because of these deficits which have become so to say, a way of life for the last 10 years that various adverse effects of inflation are witnessed on the economic front. To a large extent the climate of revival and economic stability witnessed in the last year or so can be attributed to the severe restriction of the deficit in the year 1969-70.

Achievements springing from the measure of financial discipline which had then been introduced are likely to be more than offset by the large deficits for the year 1970-71 and as budgeted for 1971-72. It should be recognised that the laws of economics cannot be artificially regulated and measures of external price control or price regulation can only have very limited utility, not to mention the attendant economic evils they give rise to.

Coming to the problem of unemployment, here again on one hand it has been fully recognised that the real stimulus to solving this problem can come only by increasing the tempo of economic activity all round. In the face of this statement, one is unable to appreciate the *ad hoc* allocations from Government revenues, either for the purpose of generating additional rural employment or for providing schemes to suit educated unemployed engineers and technicians. Unemployment being basically an economic phenomenon, it is the tempo of economic activity all-round which alone can meet this challenge. It is in the total absence of incentives in the direction of improving this tempo that one would consider the Budget depressing.

Apart from the Budget, not presenting any concrete proposals towards quickening the tempo of industrial development, it is observed that some of the salient incentive measures are being curtailed. A few years back Mr T. T. Krishnamachari, one of the ablest of Finance Ministers who has been responsible to a very large degree in the shaping of fiscal policy oriented towards rapid growth, observed that the primary need of the hour (1964) was to induce confidence in the corporate sector. The resources of the corporate sector have to be augmented from both within and without and it is therefore necessary to provide incentives for the existing companies to plough back a large share of their profits and also reduce disincentives for inter-corporate investment. In this process it appeared to Mr Krishnamachari necessary to make a distinction between capital-intensive industries and others. The need for basic industries to grow is recognised on all hands. Therefore selective support has to be given to these industries. As a background to the provision for withdrawal of development rebate by three years' notice, he had observed that he would like to confine development rebate on a graded basis to certain selected industries instead of general availability. In the field of personal taxation he reiterated that the motivating factor behind earned incomes should not be altogether ignored. Much of it is due to the incentive, the initiative and hard work of the earner himself and for keeping up this effort and to induce the earner to greater efforts it is necessary for him to have a feeling that at least some substantial portion of what he earns is left in his hands.

Fiscal policy is, therefore, not a matter which can be spelt out in a single Budget. It must evolve over a period of time consistent with the economic goals set before the nation. It is a matter of regret that some of these clearly initiated principles of long-range fiscal

Mr Chokshi is a leading taxation expert.

planning are sought to be ignored and negated in the present Budget.

Subsequent events have shown that the vision of the Finance Minister in 1964 when economic activity was at its lowest ebb was amply justified. From the wave of depression then prevalent, projects in sophisticated industries like aluminium and petrochemicals have been successfully implemented. The performance of these two industries in entering export markets in non-traditional spheres is also one to be recognised. However, the necessary development in these industries has not been fully achieved. The refineries which have been put up at Visakhapatnam, Koyali, Madras and Gauhati have a potential for the establishment of petrochemical complexes around them. In fact, in several of these centres, projects are in an advanced stage of formulation and are shortly to be taken up for implementation.

It is against this background that one should consider the various proposals having a bearing on economic activity. The first proposal which removes a very salient incentive relates to Section 80I of the Income Tax Act. Two changes are sought to be made. Firstly, the quantum of profits from a priority industry which are eligible to exemption is to be reduced

from 8 per cent to 5 per cent. Such a reduction may result in saving a few crores of rupees for the exchequer but in terms of retarding the growth of priority industries the damage would be far-reaching. This particular concession is a significant concession inasmuch as it does not operate only for a limited period like the tax holiday exemption. It was, in fact, designed as a lower rate of tax itself on such profits. The proposal to reduce this benefit, therefore, is ill-conceived.

Of greater consequence is the second amendment which curtails the list of industries eligible to the benefit. This is achieved by deleting certain items from the Sixth Schedule to the Income Tax Act. The industries which are proposed to be deleted are: Aluminium, motor trucks and buses, cement and refractories, soda ash, petrochemicals and automobile ancillaries.

While there is no justification set out for this measure in the memorandum explaining the provisions of the Bill, the speech of the Finance Minister states that the general economic conditions are now such that it is not necessary that these industries enjoy special benefits which were accruing to them hitherto. It is difficult to see how the level of general economic conditions has a bearing on

specific incentives to selective industries, recognised as being of special importance to the country. At a time when the objective should be to increase production to keep prices in check and to provide opportunities for better employment by quickening the tempo of economic activity, this is surely a retrograde step.

It may appear that these are all highly capital-intensive industries which are put up by larger industrial houses, but in reality this is not quite so. It is common knowledge that automobile ancillaries have essentially developed in the small- and medium-scale sectors. Similarly, in the field of petrochemicals a large number of units manufacturing end-products from basic raw materials are in the small- and medium-scale sectors. The manufacture of motor trucks caters to the demand of a very large number of self-employed operators engaged in the vital task of assisting industry through movement of goods. In the context of the determination of the Government to create employment-oriented schemes for the educated unemployed, the step aimed at denying incentives to important growth-oriented industries appears to be contradictory.

Similarly, notice has been served that after May 31, 1974, no development rebate

How could kulaks tax their own class?

By A Special Correspondent

AFTER presenting an assessment of the performance of the economy in 1970-71, the *Economic Survey* set out the tasks ahead of the country in search for economic growth with social justice. It admits that its list of these tasks adds up "to a formidable fare". Among its policy prescriptions are structural reforms along appropriate lines in agriculture. It then makes bold to make a statement that cannot but annoy the Ministers and bureaucrats wedded to the licensing restrictions: "Industrial output can be hampered by the often intricate procedures for regulation and controls." Some of its other suggestions merely contribute to "clouding the picture."

But on one major issue the voice of the *Economic Survey* is loud and clear. This is its emphasis on taxing the high and growing incomes of the rich farmers. The *Survey* goes on to declare that a large part of the country's fiscal problems "is linked (sic) with the fact that direct taxation in agriculture, more specifically on the affluent peasantry, has not made much headway". And yet Mr Chavan has shied away, while referring to the "imperatives of the situation" in the paragraph prefatory to his proposals to raise additional resources, from taxing the rich agriculturists. There is admittedly the tame proposal to tax agricultural tractors by charging a duty of 10 per cent *ad valorem*. But there is nothing to reduce income inequalities in the countryside.

Whether or not the *Economic Survey*, with its lack of a single unifying thread of economic analysis and argument, is the result of multiple authorship is a minor research assignment which can be left to the students

of Indian English. It is transparent, however, that if the voice in the *Economic Survey* is of an economist, the hand that drafted the Budget is of a politician. There is no other way in which it is possible to explain the unwarranted and unexpected softness with which the rich farming community has been left untouched.

The *Economic Survey* also spoke "of a price policy for agriculture which would reconcile the interests of the various sections of the community and at the same time promote the induction of new technology". Of this again, the Budget is innocent. This does not perhaps mean that the intentions were not there. Mr Chavan has talked of taxing products and equipment used in agricultural operations by the richer sections of the peasantry. This is preceded by the stern statement that Government cannot "be oblivious of growing inequalities in rural areas". And the basis of taxation has to be the size of income or wealth, irrespective of whether it is derived from agricultural or non-agricultural sources.

What is it that seems to have held the Government back at the last minute? Surely, it cannot be just the constitutional limitations on the powers of the Union Government to tax, real as they at present are. If it is the common responsibility of the Centre and the States to raise resources for economic development, three long months have been lost in not putting the heads together and arriving at agreed conclusions on how the Centre can get the States to tax agricultural incomes. Nor has the Centre so far discharged its "duty and obligation" to point out to the States the re-

sources which remain untapped merely because the Union Government is precluded by the constitutional provisions to impose a levy.

It is to be hoped that no time will now be lost in consulting the State Finance Ministers on the constitutional and fiscal issues relating to the taxation of agricultural incomes. Unless this is done, there is continuing scope not merely for wider income disparities but also for growing social unrest in the rural areas. The *Economic Survey* speaks of the need for broad social harmony between different sections of the community. Our inability to tax agricultural incomes is a major factor making for social disharmony and lawlessness in the countryside.

The Government cannot throw up its hands and seek an alibi in "the complexities of the economic and social system and the large number of pressure groups at work at various levels". These pressure groups work in every society. In many other countries, they are much better organised than in India. It is not so much the organised strength of the pressure groups by the *kulak* character of the party in power which prevents it from touching the agricultural incomes. The *Economic Survey* refers to the need for "tact and finesse" in handling this problem; not to speak of tact or finesse, there seems to be among those who have framed the Budget a total lack of will to move in the directions indicated by the *Survey*. They have unfortunately confined the tax gathering effort to the known and traditional paths where the laws of declining returns are in operation.

will be allowed. Such a measure denies the benefit in toto to all investments in plant and machinery after May 31, 1974. If one could point to a single piece of incentive in our tax laws which has made the maximum contribution to industrial activity, it would be the provision of development rebate. The development rebate has also been a very important factor in the modernisation and rehabilitation of the old and traditional industries. A large number of small-scale industries have been planned with limited financial resources and have come into existence because of the cash generation through the medium of development rebate. This cash flow has been responsible for enabling the State Financial Corporation to finance upto 75 per cent to 80 per cent of the capital cost of small-scale industries. When the need for economic growth and for schemes to relieve unemployment are recognised, it is difficult to reconcile these objectives with the view that development rebate in respect of new investment has had a full play.

The development rebate was also serving the purpose of compensating the additional cost of capital assets following inflationary conditions. The need for industries to have additional funds to meet the increased cost of rehabilitation and renovation had been recognised by Mr S Bhoothalingam in his report on "Rationalisation and Simplification of Tax Structure" submitted in 1968. Whilst it is true that Mr Bhoothalingam recommended the discontinuance of development rebate, he was, however, very forthright in making a recommendation that an ad hoc deduction of 20 per cent of the cost of capital assets should be allowed in the computation of total income. This was recommended primarily with a view to compensating the higher cost of replacement of capital assets.

Another measure which is proposed to be enacted through a notification is the change of the income tax rules relating to the benefit of tax holiday under Section 80 J of the Act. It has been considered an undue generosity on the part of the Government to have allowed 6 per cent of the total capital base, inclusive of debentures and specified categories of long-term borrowings, for the purposes of exemption. When the approach of lending institutions is being reoriented towards repayment capacity and soundness of the venture as opposed to personalities of borrowers, this measure will prove exceedingly harmful. In planning small-scale projects with limited resources it is essential to plan repayment through cash generation. A substantial part of the cash generation is accounted for by the exemption from tax on a portion of profits of new industrial undertakings. The measure of exemption was the sum of 6 per cent of the capital employed. It was rightly recognised that capital employed in any industrial project (including those set up by small-scale entrepreneurs) does not only mean the limited resources of the entrepreneurs or the risk capital, but also capital raised by the entrepreneur for the project. There was, therefore, no generosity, intended or otherwise, on the part of the Government whilst it gave this exemption. The tax holiday in India is restricted to a portion of profits whereas a really generous incentive measure would be a total tax exemption in initial years as granted in certain countries. In fact, financial institutions which

supply the balance requirements to augment the limited risk capital were the most vitally interested in such a measure of exemption as it ensured additional cash resources to be utilised for servicing as well as for re-payment of the loan. This measure also, therefore, appears to be opposed to the declared objectives of the Budget, as also the Government policy to broaden the industrial structure over a large class of new entrepreneurs.

So the Budget has withdrawn some of the salient tax incentive measures hitherto applicable. Another significant concession under the Wealth Tax Act is also proposed to be withdrawn. Initial issues of capital made by new industrial companies after June 1, 1971, will not hereafter qualify for wealth tax exemption under Section 5(i) (xx). It is true that from an individual investor's point of view no change has been made in the existing concession for share investments and other approved investments up to the limit of Rs 1,50,000. However, the present laws contain, in addition, a total exemption from wealth tax for a period of five years for shares of initial issues of new industrial companies. This exemption does not put any limit on the quantum of investment eligible for the concession. This was also a measure introduced with a view to re-establishing confidence in the corporate sector after 1964. Its existence has been responsible for drawing subscriptions to major long-gestation industrial projects such as fertilisers, alloy steels and polyester fibre. The other concession in the form of tax credit certificates expired as from the last year and the withdrawal of the wealth tax exemption for new issues after June 1, 1971, will further adversely affect the raising of capital for new industrial projects.

Another measure affecting the incidence of tax on industrial or commercial profits is the proposed ceiling on allowable remuneration to employees of business enterprises. This appears to be an attempt to bring about indirectly a ceiling on income. In principle, a measure of this nature may not be unwarranted. However, this measure imposes an additional burden on the employer. In the context of the existing high rates of taxation of business profits, measures such as these push up the effective tax rates. The suggestion of Mr Bhoothalingam was that the gap between assessable profits and business profits in a commercial sense should be narrowed down. The trend for introducing artificial disallowances like this, therefore, acts in the reverse direction. The Budget speech also indicates that the travel allowances for employees would be reduced. Such measures may or may not achieve the objectives of curtailing such expenditure but they further complicate, rather than rationalise, the tax structure.

Further, it has been stated that better organisation is still the major outstanding task for both industry and exports. From time to time it has been stated that the public sector does not attract the proper talent owing to the restrictions on the quantum of remuneration. If industrial enterprises are to build the proper organisation manned with people with proper expertise and, at the same time, if we are to prevent the drain of talent from the country which is so much in evidence in the last few years, such measures may be regarded as being hasty. At the same time

the possible repercussions by way of employees trying to find alternative methods of earning funds should not be overlooked. The moral fibre is already being put to extreme strain by the high rates of personal taxation, and further artificial measures such as these may cause an additional strain.

Similarly, in the field of personal taxation, it is proposed to increase the surcharge from 10 per cent to 15 per cent on incomes over Rs 15,000. This 5 per cent increase in surcharge has an effect of increasing the tax burden by 4.25 per cent at higher levels. As a consequence, the maximum marginal rate of tax on income beyond Rs 2 lakhs touches 97.75 per cent. Before the staggering maximum rate of 93.5 per cent imposed by the last Budget had operated even for a single year, we find this further burden being cast. In fact, on an income of over Rs 1 lakh the marginal rate would now be 92 per cent which is very nearly the maximum rate prescribed last year for incomes over Rs 2 lakhs. At the same time, this measure should be read in conjunction with the levy of wealth tax in chargeable cases even on the first Rs 1 lakh of chargeable wealth.

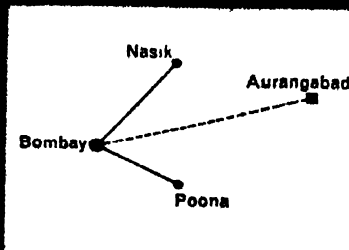
Such a measure would very severely hit the class of new entrepreneurs and small-scale self-employed men which is sought to be encouraged. The increase in the personal income tax at all levels over Rs 15,000 would affect the capacity of this class to have a decent living and at the same time meet the obligations for repayment of loans, etc. So also the basic wealth tax places such persons at a disadvantage as compared to others who may choose to make their investments in the exempted categories rather than deploying their resources for their own small-scale business.

When dispassionately referring to the impact of the Budget on economic growth one cannot fail to mention the radical rise of wealth tax on wealth over Rs 15 lakhs. This follows very closely the increases made last year which are yet to fully come into operation and make their effects felt. Quite apart from the socio-political objectives, the present measures would severely affect the personal motivation to which reference has been made earlier. The aim of the Budget while dispensing social justice should not be to kill incentive, initiative and hard work, which are the foundations of individual enterprise.

The general expectation this year was that the Government would come out with a budget that showed a totally bold approach to the problems of the nation, backed as the Government is by a massive mandate. The real problems which are the bane of the economic health of the nation and which have not been attacked in a frontal manner are: (1) The contribution to the revenues of the Government by the public sector, (2) the contribution to be made by the agricultural sector, and (3) the corrupting influence and attendant evils of tax evasion and black money.

With regard to the contribution by the public sector the nation has been waiting since the days of the Second Five-Year Plan when an impetus towards the establishment of a public sector was formulated. The public sector has embraced several fields and in quite a few fields it enjoys a

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dominant monopoly position. Despite this, the contribution to the revenues has been strikingly dismal. Year after year, Finance Ministers have been stating that steps are being taken to improve the working of the public sector. Some time ago the public was asked to stee the criticism of the public sector on the ground that the test of profitability cannot necessarily be applied to the public sector. It is, however, a matter of some consolation that in his present Budget speech the Finance Minister has admitted that the public sector has necessarily to yield a sizable surplus since surplus is a key source for future growth. The nation must face the truth that, in planning and allocation of scarce resources, the utmost sense of discipline must be observed in all sectors and utilisation or appropriation of such resources must satisfy the ultimate economic test of performance.

It is to be hoped that in the foreseeable future efficient performance by the public sector would be a reality rather than a mirage. The disquieting feature is that not only are the commercial and industrial undertakings in the public sector not making an adequate contribution but even established contributors to Government revenues such as the Railways and Post and Telegraphs have become sources of drain. Before the success of the experiment of the public sector to which we are committed is demonstrated to the nation, another theory is now being canvassed. It is now said that the Government attaches considerable significance to the establishment of a joint sector. Time alone can predict the outcome of this new philosophy.

The second major problem which should be considered in Government budgeting is in regard to the contribution by the agricultural sector. The more or less crushing burden of direct taxes, with rates of income tax, wealth tax, gift tax and estate duty which border on expropriation, follow necessarily from such rates being applied to an infinitesimally small fraction of the population which is engaged in the non-agricultural sector. It has been estimated that during the year 1969-70 the national income was of the order of about Rs 31,000 crores. It could be safely assumed that over 50 per cent of this national income was accounted for by agriculture. In spite of this, there is practically no contribution from this sector to the direct tax revenues of the Central Government. Nor do the States, who receive substantial allocations out of the Central Government resources, make any significant attempt to collect and levy taxes on agricultural income. The total tax revenues of the Government are expected to cross Rs 3,600 crores. In a vast country with a low per capita rate and where agriculture escapes a significant burden of direct taxation, this represents a very formidable proportion of the gross national product.

It is, however, heartening to note that despite the obvious political pressures that would build up, the Finance Minister has made bold to state that ultimately the basis of tax has to be the size of income or wealth irrespective of whether it is derived from agricultural or non-agricultural sources. A promise has been held out that the question of taxation of the

agricultural sector would be taken on hand in consultation with the States so that there may be a more equitable distribution of the burden of taxation. It remains to be seen as to how far this promise is fulfilled in the years to come.

The third area which is by far the most important and which is responsible for the greatest evils in the social, economic and political fields is that of tax evasion. With the severely steep rates of taxation, tax evasion has become a very profitable proposition. It may be significant to note that as soon as income reaches the level of Rs 30,000, the rate of tax on all further income exceeds 50 per cent. According to the Budget proposals the rate on such excess would be 57.5 per cent rising steeply thereafter till the maximum rate of 97.5 per cent is reached. Tax evasion on a large scale has been attributed to this phenomenon whereby the State becomes more than a major sharer of additional income generation. Whatever may be the causes of tax evasion, a positive and concerted action should be taken by the Government to rid the nation and the society of this evil.

Instead of attacking the real evil of tax evasion, it is distressing to find platitudes such as that it is generally the well-to-do and the rich who evade taxes. The tendency to lump up avoidance and evasion shows the total apathy on the part of the Government to come to grips with the problem of evasion which is the real evil. It is further difficult to understand the basis of the generalisation that the rich and the well-to-do are the principal culprits in such matters.

The Government has been anxious for several years to make a significant impact on the glaring inequalities in income and wealth and to curb ostentatious consumption. It is time that the authorities realised that at the root of ostentatious consumption lies the rampant tax evasion. It is not the honest and law-abiding citizens who indulge in ostentatious consumption and in display of glaring inequalities in income and wealth. As a matter of fact, with the severe rates of taxation in force for the past several years, it is common knowledge that no honest tax-paying citizen can afford any ostentatious consumption. In fact, for a large number of such persons, it is extremely difficult to maintain even a decent standard of life. It is the evil of tax evasion which has a very corroding influence on society, not to mention the economic evils such as inflation which it also causes.

Newspaper reports have indicated that the high-powered committee appointed by the Government to go into this question of tax evasion had submitted an interim report a couple of days before the Budget. There is no reference in the Budget speech to the interim report. The nation looks up to the Government for the clean administration that has been promised and for a concerted effort towards attacking the evil of unaccounted money. It is in this direction alone that the solution to the problems of the country lies, and not in empty slogans of social justice, programmes for ushering in an equalitarian society or in dogmas of socialism. The eradication of tax evasion and unaccounted money by itself will bring in truly meaningful socialism.



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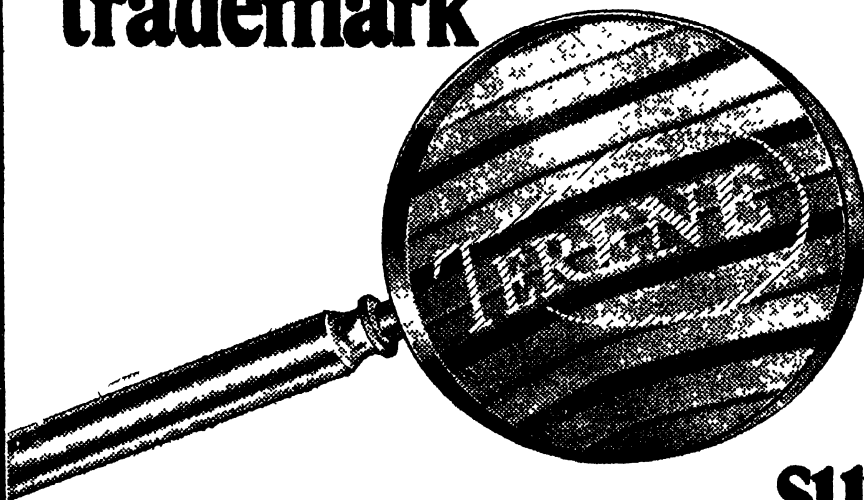
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Egalitarianism yes; growth no

By a Special Correspondent

ALTHOUGH the excitement about the Budget relates mainly to the tax proposals, the Budget is really an instrument for regulating the working of the economy and determining the course along which it should proceed. This it can do by the pattern and volume of its expenditure as well as by the magnitude and content of its resource mobilisation policy. The volume of expenditure proposed to be incurred by the Government determines significantly the level of activity. It can stimulate certain sectors or dampen activity in other sectors of the economy, directly as well as indirectly. It can affect the incomes of the sections of society it chooses. Through its tax proposals it can control the volume of resources available to other sectors and thus regulate their expenditure, both on consumption and investment. It can stimulate some sections and provide a disincentive to others. Thus, the Budget should be viewed as an instrument for the overall regulation of the economy and its direction towards desired goals rather than as a provider of thrills and shocks.

The *Economic Survey* is supposed to be a curtain-raiser to the Budget. It made the following points regarding the state of the economy: (i) Although the performance of the economy was satisfactory, sectors other than agriculture did not do as well as expected; there was need to increase progress in certain sectors of agriculture itself and in industry; (ii) The behaviour of prices gave cause for concern, although there was a degree of stability; (iii) Private industrial investment has been patchy, in spite of propitious conditions and excess capacity continues to exist in certain industries; and (iv) The balance of payments needs careful watch because imports have begun to increase. Hence the inference that the Budget would pay special attention to inducing overall growth and particularly growth in the industrial sector would have been justified; and that to ensure price stability, as much emphasis on greater production of agricultural raw materials and intermediates would be placed as on resource mobilisation and the restriction of consumer demand. In addition, of course, the social objectives of providing more employment and reducing inequality of income and concentration of wealth would be pursued.

Although these objectives are stated to be the goals which the Budget is seeking to achieve, a closer look at the Budget gives the impression that sufficient attention has not been paid to these aspects. The Plan outlay has been stepped up by Rs 155 crores from the interim budget of March 1971. Although this means an increase of Rs 172 crores from the Bud-

get figures of 1970-71, it is stated that the step-up would be in the neighbourhood of Rs 300 crores if account is taken of the likely actuals for 1970-71. It would be nice to believe that the step-up would be of this order, but there is no certainty that there would be no shortfall between the Budget provision and actuals in 1971-72. There is nothing in our record so far to show that we are going to suddenly turn a new leaf this year. If it is assumed that the extent of shortfall is of the same order, the increase in Plan outlay may not be much more than the increase between the two Budget figures. This is obviously not a sharp increase in terms of the requirements of the situation described in the *Survey*. Besides, if an allowance is made for the price increase so far, the increase in Plan outlay may be even less!

A breakdown of this outlay shows that the largest increases are in expenditures on agriculture and allied programmes and social services. Increases in outlay on power, industries and railways seem to be marginal. These are sectors in which outlay has to be substantially higher if capacity built up in the public sector for heavy engineering and heavy electrical manufacture is to be utilised fully. Also if the current power shortage that is affecting large parts of Northern India is taken into account, a step-up in the outlay on power would be essential for both agricultural and industrial growth.

The exclusive emphasis on agriculture and social services is somewhat odd. The *Survey* specifically states that "the demand emanating from agriculture currently calls for only a limited draft on existing industrial capacity". Is this an instance of the left hand of the Finance Ministry not knowing what the right hand does? It must be conceded that the employment potential of such expenditure is much greater. Has the Finance Minister been so overwhelmed by the problem of employment that he has overlooked the consequences of a faster rate of industrial growth for further investment and the balance of payments? A revival of industrial activity on a much larger scale would have helped to solve to a large extent the problem of unemployment among the educated, particularly the technically educated. The Thakkar Committee report, which has been accepted by the Government, has pointed out that some of the schemes proposed for employing engineers and technicians have not been attractive because they do not provide the satisfaction of using the particular skill and training acquired. A revival of industry would have been perhaps a better way of utilising the funds set aside for programmes for providing employment.

If the increase in Plan outlay is only around Rs 155 crores, the difference between this amount and the increase in total outlay of Rs 434 crores must be spent on non-Plan items. In view of the tightness of resource position and the need to invest as much as possible for future growth, non-essential expenditure should have been controlled firmly. Obviously this has not been possible. A small part of it is due to the sudden influx of refugees from East Bengal.

Let us now look at resource mobilisation. The proposals for taxation are said to have three objectives—greater equality in sharing the burdens, simplicity of administration with a view to minimising evasion and stability of the price level. It is surprising that the growth objective does not have any mention in the list of principles. No attention seems to have been paid to the need to encourage the saving habits of the population as also to ensure that a fair proportion of savings is deployed within the private sector itself. Instead of enunciating these principles we seem to have proceeded on the old basis of realising as much revenue as possible through taxation under a few heads.

It is difficult to see how the new surcharge levied on incomes above Rs 15,000 per annum can be looked upon as an egalitarian measure: it is a flat levy on all. It will probably affect most those who have salary incomes because the levies hardly matter to those who do not pay taxes; and this would also be the class of people who would be affected by the other proposals made in this Budget, particularly the one relating to the quantum of deduction on account of contributions to provident funds, life insurance premia etc. The much-abused civil servant and the business executive will be affected the most.

The proposals regarding wealth tax seem to reflect the current philosophy that there should be a ceiling on wealth. This can hardly be objected to since Mr Chavan repeatedly refers to the massive mandate his party has received from the electorate to usher in the socialist state. If he had paid some attention to its effect on individual savings, particularly when private investment is expected to thrive, he may not have been so drastic. Also while many loopholes for evasion have been plugged, there is a danger that new instruments of corruption and harassment may have been created.

There is no mention, however, of any direct taxation of the incomes of the affluent sections of rural society. The Finance Minister takes refuge behind the constitutional constraints on the powers of the Centre to tax items which legitimately belong to the States. As has been noted



*"Inequality is an evil, but I do not believe in
eradicating evil from the human breast
at the point of a bayonet. Violence is wrong
because it overlooks the fact that evil can never be
overcome by evil; it ceases only with good.
As the means, so the end."*

Mahatma Gandhi

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by many, the massive mandate could have been used to remove this anomaly but perhaps political considerations have dictated otherwise. His softness for the rural rich can also be seen from the fact that while he has several proposals regarding the valuation of urban property, the same concern for a proper valuation of rural property is not shown.

The withdrawal of tax concessions to various industries seems to be a step in the right direction. Although this may bring a chorus of protest from the affected industries, there is no reason why society should have provided all the concessions to these industries in an over-protected market, on top of access to large amounts of capital on unduly favourable terms. The withdrawal of these concessions, it is to be hoped, will lead to more efficient working of the industries. The minimum change that has been made with regard to corporate taxation may have some beneficial effect on private investment.

Although a number of changes are being made in excise duties, the bulk of

the revenue comes from only two items, namely, cigarettes and motor spirit. In relying on cigarettes to provide so much revenue, the Finance Minister has followed the footsteps of his "non-socialist" predecessors with about the same degree of levity. It is difficult to say that a cigarette like Char Minar is a luxury item. To the extent that these and such other brands are consumed by the educated unemployed, white collar public sector employees and industrial workers, the Finance Minister is dipping into non-affluent pockets. Perhaps this is to be interpreted as a measure of "spreading the tax burden equitably on all sections of society."

Past experience has shown that taxation has not had much effect on the consumption of motor spirit. It is to be hoped that this massive increase in the duty on it will bring about such a curb on consumption. Here again it is necessary to be careful because there will be pressure by the individual car owners to shift the tax to the organisations which employ

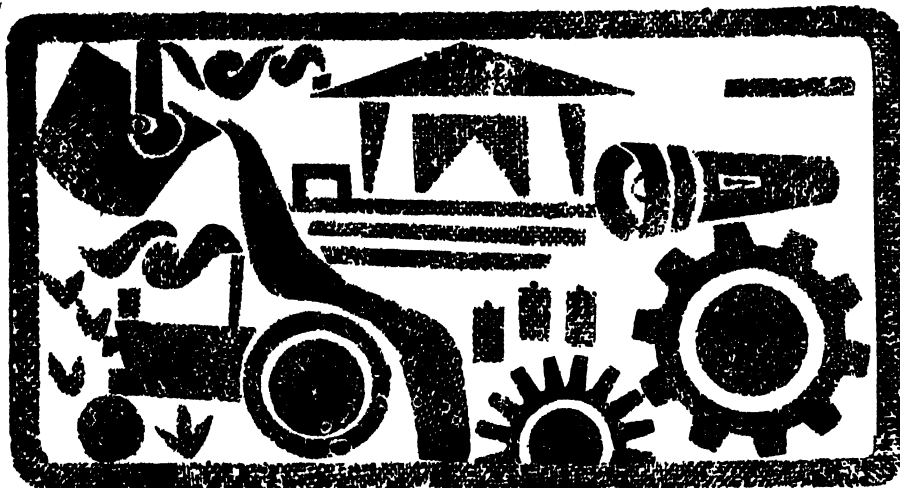
them. A rash of staff cars can easily defeat this move. Secondly, will this not put up the cost of public transportation to a certain extent? Nor can it be argued that by levying a duty on one or two petroleum products, it is possible to conserve scarce foreign exchange to be paid for imported crude oil. Unless concerted action is taken to limit the consumption of the whole range of products that can be distilled out of crude petroleum, this objective will not be achieved.

In order to satisfy those ideologues who want the rural affluent to be taxed, the Finance Minister has made a gesture in the form of a duty of 10 per cent on agricultural tractors. Tractors are not bought every day by farmers, howsoever rich, and this is indeed a poor substitute for a tax on their income. One must however congratulate the Finance Minister on his courage in doing even this much.

All these import and excise levies may not do much to raise the price level. Essential commodities have been left out. Even if the prices of items like shampoos and hair oils do rise, they cannot do any great harm to the development effort. There is, however, the problem of a deficit of Rs 220 crores. Its effect on prices will depend upon the increase in money supply which will result from it. The increase in money supply during 1970-71 seems to have been of the order of Rs 600 crores, that is, an increase of 9.2 per cent over the previous year. If the deficits in the State Budgets are of the same magnitude as in 1970-71, it is possible that the increase in money supply in 1971-72 may not be much higher than last year. This will of course mean an increase of only about 8 per cent or so over the previous year. It should be possible for the economy to absorb this without any adverse effect on prices, provided the national income increases at about the same rate as in 1970-71. This is an important proviso. Agricultural growth was mainly responsible for the high rate of growth of national income last year. As the probability of a fifth good season does not appear to be high, the consequences of such a measure of deficit financing for price stability cannot be stated with any certainty.

The overall impression of the Budget is that the ruling party is still more pre-occupied with egalitarianism than growth. This is somewhat surprising because the Prime Minister in her address to trade union leaders a few days ago is reported to have stated categorically that rapid growth is probably the best solution to the problem of poverty. While attention should be paid to the reduction of inequality in order to provide an incentive to various sections of society to participate in the national effort for growth, our prime concern should be the process of growth. The Budget in its tax proposals has shown sufficient awareness of the former; but its expenditure proposals have hardly shown any awareness of the need for dynamism. This is because, one suspects, it is so much easier to cut down tall poppies than to grow new ones. The latter requires the absorption of modern management techniques, wholesale revamping of administrative structure and procedures, and a clearer understanding of the process of growth. These are difficult tasks; they call for knowledge, patience and perseverance. It is so much easier to shout, like the Red Queen, "Off with their heads."

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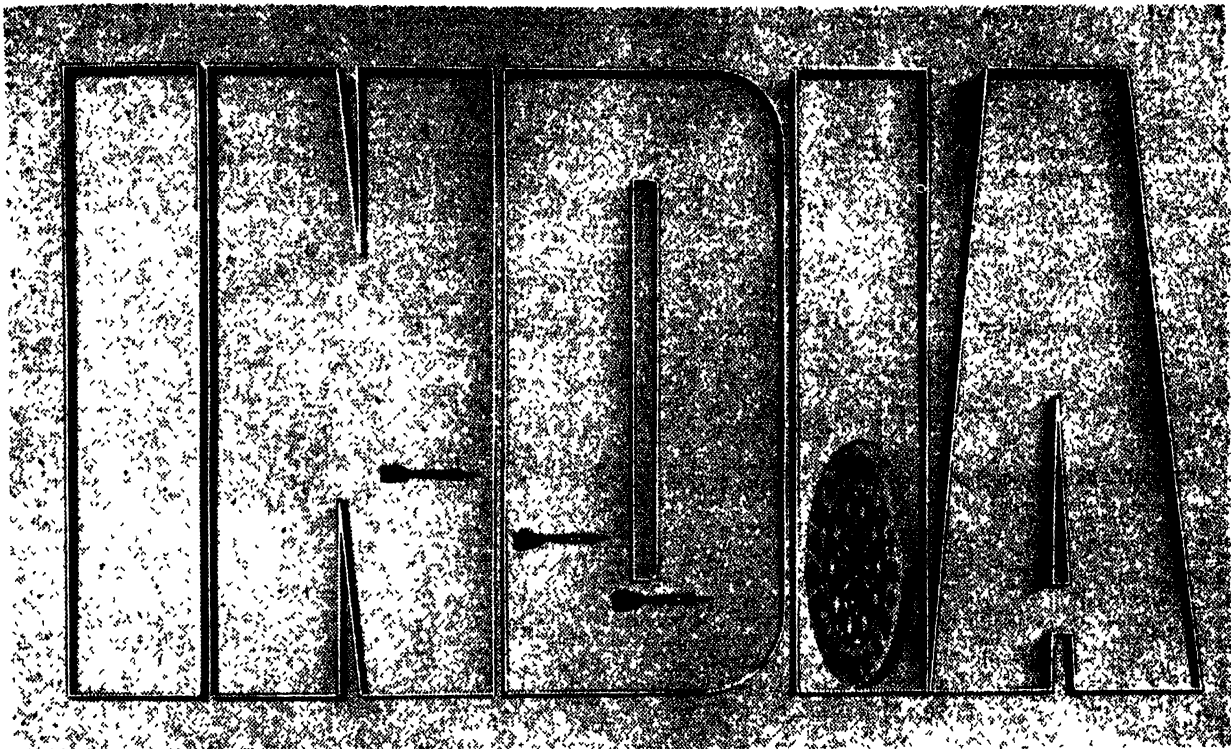
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An inflationary fiscal philosophy

By Narottam Shah

WHEN, after the two years of agricultural disaster—1965-66 and 1966-67—one assessed the record of India's economic growth since 1960-61, the picture that emerged was depressing. Between 1960-61 and 1966-67, the real national income increased by only 15 per cent. Almost all of this increase was, so to say, wiped out by the increase in population

aggregate and per capita real income worked out at 3.60 and 1.34 per cent, respectively. Broadly speaking, the pace of 1950s was maintained in 1960s also. So far so good.

But, this should not give us any ground for complacency. For, while the recent record of growth is reasonably good, we cannot take the continuance of this trend for granted. Particularly, the possibility of setbacks in the coming years wiping out the progress of the recent years cannot be ruled out entirely.

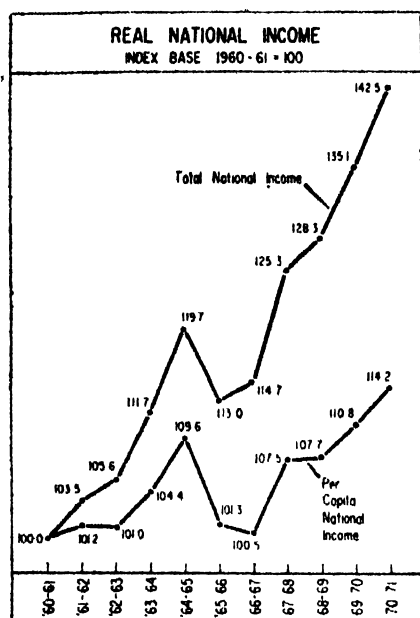
Ominous pointers

Let us begin with agriculture. If the recent growth record of India has been good, it has been mainly because of the good performance of agriculture. As one examines the relevant data, one has a nagging doubt that a good part of the recent performance of agriculture is attributable to good monsoons. If so, one or two bad monsoons in the coming years can make a big change in the economic situation of the country.

Particularly noteworthy in this connection is the disappointing performance of the industrial sector in recent years. Turning to the recent months, we should note that the seasonally adjusted Index of Industrial Production reached its peak in April 1970. This peak has not again been reached, let alone surpassed during the subsequent 12 months. With an average increase of only 2.3 per cent in industrial production, the fiscal year 1970-71 was a

year of near-stagnation for this vital sector. The causes of this stagnation are deep-seated; and putting the industrial sector back to the long-term growth rate of at least 7 per cent per annum is going to be a pretty tough job. The achievement of the Fourth Plan target rate of 10 per cent per annum appears to be out of question.

Finally, one more point in this context. If the performance of the economy during the late 1960s was reasonably good, it was, by and large, because of the tremendous developmental effort put in during the late 1950s and the early 1960s. Owing to the familiar gestation lag, what we sowed in previous years we reaped in the late 1960s. But it so happened that our sowing activity, i.e., our investment activity, suffered a serious setback in late 1960s. Thus, after reaching a peak level in 1965-66, the tempo of investment as well as Plan expenditure in real terms has been going down more or less steadily throughout the subsequent five years (see Table 2 and the chart alongside). If the sowing activity in late 1960s has been falling, one can imagine its impact on what we are going to reap in early 1970s. The emergence in recent months of shortages of steel, power and railway wagons is a clear warning that the limits of reaping the benefits of heavy investments in early 1960s are being reached. Even in respect of agriculture, it appears that the limits of the green revolution would be soon reached if further large investments are not made in irrigation works. So, unless fresh and



of the same order, with the result that the per capita real income in 1966-67 was about the same as it was in 1960-61 (see Table 1 and the chart alongside). It implied that these six years were years of economic stagnation. This was the time when some of the gloomiest forecasts relating to the Indian economy were made. Then came the years of rapid recovery and even some real advance. After 1966-67, the real national income started rising rapidly. The pace of growth was so good that even the per capita real income advanced at a brisk pace. The previous peak of per capita real income of 1964-65 was crossed for the first time in 1969-70. There was further increase in 1970-71. Thus, within four years after 1966-67, the per capita real income increased by 14 per cent—a commendable record by Indian standards. What was lost in the early 1960s was made up in the subsequent years. As a result, during the ten years ended 1970-71, the average annual rate of increase of

Table 1: Index numbers of net national product at constant prices (1960-61=100)

Year	Total net national product		Per capita net national product	
	Index numbers	Percentage increase (+) or decrease (—) over the previous year	Index numbers	Percentage increase (+) or decrease (—) over the previous year
1960-61	100.0	..	100.0	..
1961-62	103.5	+ 3.5	101.2	+ 1.2
1962-63	105.6	+ 2.0	101.0	— 0.2
1963-64	111.7	+ 5.8	104.4	+ 3.4
1964-65	119.7	+ 7.2	109.6	+ 5.0
1965-66	113.0	— 5.6	101.3	— 7.6
1966-67 (a)	114.7	+ 1.5	100.5	— 0.8
1967-68 (a)	125.3	+ 9.2	107.5	+ 7.0
1968-69 (a)	128.3	+ 2.4	107.7	+ 0.2
1969-70 (a)	135.1	+ 5.3	110.8	+ 2.9
1970-71 (b)	142.5	+ 5.5	114.2	+ 3.1
Compound annual rate of growth between 1960-61 and 1970-71		3.60	..	1.34

Dr Shah is Chief of the Commerce Research Bureau.

NOTES: (a) Provisional. (b) Estimated by Commerce Research Bureau.
SOURCE: Government of India, *Economic Survey, 1970-71*, p. 78.



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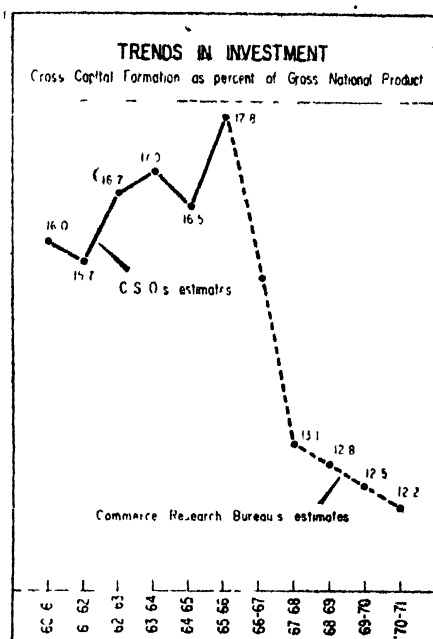
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necessarily heavy investment is put in swiftly, particularly in the public sector, we might be in for prolonged shortages of various strategic items and other constraints with all their implications for the pace of economic growth.

It is in this context that one has to view the contribution that the Union Budget for 1971-72 might be expected to make to the growth process in the Indian economy.

Step-up in Plan outlay

Under these circumstances, it is generally agreed that there is a need to step up the Plan outlay sharply. In the course of his Budget speech the Union Finance Minister, Mr Y. B. Chavan, proposed an increase of Rs 155 crores in the Central Plan outlay over the budgeted level for the preceding year. He said "This represents an increase of more than Rs 300 crores over the likely actual level of

(Plan) expenditure in 1970-71". Against a provision of Rs 635 crores for Central assistance to the State plans in the Budget for 1970-71 he has proposed an allocation of Rs 700 crores for 1971-72. The next day the Finance Secretary gave a briefing to the press in the course of which some more details about the Annual Plan for 1971-72 were given. Firstly, the Annual Plan expenditure (Centre and States) for 1971-72 was placed at Rs 3,024 crores. No

than Rs 600 crores over the likely outlay in 1970-71. If we go by these figures, the Union Government seems to be promising about 25 per cent increase in the Annual Plan outlay this year. If this objective is fulfilled, it would undoubtedly be regarded as an achievement of the highest order.

In the process Mr Y. B. Chavan landed himself in a deficit of Rs 397 crores. Facing his task with a rare boldness, he imposed fresh taxes which in a full year

Table 3 : Budgeted provision for the Annual Plan: 1971-72

		(Rs crores)	
		Budget 1970-71	Budget 1971-72 (May)
I Central Sector			
(a) Central Plan			
(i) Met from Central Government's Budget		1,076	1,207
(ii) Internal resources of public sector undertakings		202	206
(iii) Other sources		14	28
Sub total for Central Plan (i + ii + iii)		1,292	1,440
(b) Centrally Sponsored Plan Schemes Implemented by States		119	113
Sub total for Central Sector (a) + (b)		1,411	1,553
II Union Territories			
(c) Territories without Legislature (including NEFA)		38	41
(d) Territories with Legislature		38	44
Sub total for Union Territories (c) + (d)		76	85
III States			
(e) Central assistance for State Plans		635	700
(A) Total Financial Provision for the Plan out of Central Resources (I + II + III)		2,122	2,368
(B) States' own resources		529	656
Total Annual Plan Expenditure (A + B)		2,650	3,024

SOURCES (1) For States' own resources: Briefing of the Secretary of the Ministry of Finance, as reported in *Times of India* dated May 30, 1971.
(2) For other figures: Government of India, *Explanatory Memorandum on the Budget of the Central Government for 1971-72*, Part I, May 1971, p. 10.
(3) Totals derived by us.

figure for the actual Annual Plan outlay in the preceding year was given. However, according to the press reports, the Finance Secretary said that at Rs 3,024 crores the proposed Annual Plan outlay for the current fiscal year represented a rise of more

would yield Rs 294 crores. However, during the remaining months of the current fiscal year, the new taxes would fetch Rs 220 crores, out of which Rs 177 crores would accrue to the Central exchequer and the remaining Rs 43 crores would be the share of the State Governments.

Table 2 : Some measures of developmental efforts in India

Year	Public sector Plan outlay		At 1965-66 prices (Rs crores)	Gross capital formation as per cent of GNP
	At current prices (Rs crores)	As per cent of GNP		
	(1)	(2)	(3)	(4)
1966-67	2,320	10.7	2,329	17.8
1967-68	2,165	8.6	1,901	15.5
1968-69	2,085	7.0	1,640	13.1
1969-70	2,376	7.8	1,890	12.8
1970-71	2,176	6.6	1,669	12.5
1971-72	2,448	6.6	1,778	12.2
1971-72	3,024		2,091	NA

SOURCES: Col (1) (a) Planning Commission, *Basic Statistics relating to the Indian Economy 1960-61 to 1968-69*, (December 1969) for 1965-66 and 1966-67.
(b) Government of India, Ministry of Finance, *Economic Survey 1970-71*, (May 1971) for 1967-68 to 1971-72.

Col (2) Derived from column (1) by using the official estimates of GNP for the years upto 1969-70. For 1970-71 we have used our estimates of GNP at Rs. 36,950 crores.

Col (3) Derived by deflating column (1) with the help of index numbers of wholesale prices (Base 1961-62 = 100). It has been assumed that the average increase in prices in 1971-72 would be 5 per cent.

Our estimates.

In Table 3 is set forth the picture of the financing side of the Annual Plan for 1971-72 as it emerges from the Budget papers and the press briefing of the Finance Secretary. It will be seen that out of the total Annual Plan outlay of Rs 3,024 crores, Rs 1,440 crores or 48 per cent would be spent in the Central sector. The remaining Rs 1,584 crores or 52 per cent of the total would be spent by the States and Union Territories. The size of the State plans would be Rs 1,499 crores. This would be financed by the Central assistance for the State plans of the order of Rs 700 crores supplemented by further Central assistance of Rs 143 crores for those schemes which would be implemented by the States but would be sponsored and financed by the Central Government. The remaining 44 per cent—Rs 656 crores in absolute terms—would be financed by the States out of their own resources. It appears that the States have promised that they would raise the resources of this order for their plans.

On the face of it, the financial scheme looks quite good. Yet, all the heroic

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efforts of Mr Y. B. Chavan notwithstanding, we are quite apprehensive that the story of shortfalls in Plan expenditure which has become quite familiar to us in recent years, is likely to be repeated this year also.

Let us take the experience of the first two years of the Fourth Plan. According to the Budget estimates, the Annual Plan outlay for 1969-70 was fixed at Rs 2,271 crores (*Economic Survey, 1969-70* February 1970, pp. 92-93). However, it now transpires that the actual expenditure may be lower at Rs 2,176 crores (*Economic Survey 1970-71*, May 1971, p. 108). There would thus be a shortfall of about Rs 100 crores. As for 1970-71, the latest *Economic Survey* puts the budgeted outlay on the Annual Plan for that year at Rs 2,822 crores. But if we go by the Finance Secretary's press briefing, the actual may be around Rs 2,400 crores implying a shortfall of about Rs 400 crores.

All this is of course in money terms, i.e., at current prices. Because of the steadily increasing prices, however, the real value of the actual Plan outlay is still lower. If we look at the data presented in column 3 of Table 2, it would appear that, evaluated in real terms, the Plan outlay during the last two years appears to have been about two-thirds of the real outlay in 1965-66. Even if we take into account the change in the coverage of the term of Plan outlay when one Plan ends and another Plan begins, the basic picture does not change very much.

In brief, while every year, at the time of the budget, the Indian Finance Ministers make a heroic effort to raise the Plan outlay, the actual step-up in real terms is nowhere near the promise held out at the time of the budget. Since this has been happening so frequently, it is worthwhile probing a little deeper into this awkward phenomenon.

Crisis of resources

Since the available data for 1970-71 relate to development expenditure—rather than the Plan outlay—of the Central Government only, we shall discuss the problem in these terms. (As is well-known, the record of the State Governments is much worse). We may begin by noting the fact that so far as the Central Government is concerned there was no shortfall in tax revenue in 1970-71. Against the Budget estimates of Rs 2,390 crores, the actual tax revenues were higher at Rs 2,442 crores (both the figures are exclusive of the share of the States). And yet, there was a shortfall of Rs 137 crores in the development expenditure of the Central Government. Against the Budget allocation of Rs 1,500 crores, the actual development expenditure was Rs 1,363 crores (R.E.). Why this shortfall? A study of the Budget data provides an interesting clue. It appears that the non-developmental expenditure was budgeted at Rs 2,424 crores; but actually it turned out to be Rs 2,569 crores (R.E.), i.e., higher by Rs 145 crores. It will not be fortuitous to argue that to a considerable extent the shortfall of Rs 137 crores in the developmental expenditure was due to the increase of Rs 145 crores in the non-developmental expenditure.

And why did the developmental expenditure rise? The most important

single factor here was the grant of an interim relief of Rs 107 crores to the Central Government employees in pursuance of the Third Pay Commission's recommendation. There were similar increases in some State Governments also, "resulting in substantial increases in the level of non-developmental expenditure" all around (*Economic Survey, 1970-71*, May 1971, p. 26).

This brings us to the heart of the crisis of resources. The requisite financial resources cannot be spared for developmental expenditure, because the non-developmental expenditure has been rising. And the non-developmental expenditure is rising more because of the increase in the prices of goods and services purchased for non-developmental purposes rather than the increase in the quantum of goods and services purchased. Even as regards the developmental expenditure, the Government is able to purchase less and less real goods and services for developmental purposes for the same amount of money spent because of rising prices. In short, the rise in prices is a major cause of the crisis of resources. Of course, to say this is not to deny the role of other factors also which play their part, in increasing the strain on resources.

But why are prices rising? While any extended analysis of this big question is outside the purview of the present discussion, it would be enough to note that excessive monetary expansion has a good deal to do with inflation of prices. The excessive monetary expansion, in turn, can be traced to excessive deficit financing by the Government and excessive bank credit extension to the private business sector.

Through deficit financing, the Finance Ministers are caught in a vicious circle. To begin with, whenever a well-meaning Finance Minister tries to increase the developmental Plan outlay, he has to face a larger deficit. This is an arithmetical inevitability and, one can even say, the necessary price of growth. While trying to find ways and means of filling the budgetary gap, all Finance Ministers are conscious that excessive deficit financing somehow leads to price inflation. For example, Mr Chavan himself declared in his Budget speech: "Let me remind Honourable Members, however, that the price rise in the economy has been sufficiently disquieting last year, and the budgetary deficit must therefore be kept within reasonable limits". Every Indian Finance Minister has, time and again, vowed that he would keep deficit financing within reasonable limits.

But, at this point every Finance Minister has also to take note of an important feature of parliamentary democracy, viz every rupee of deficit financing evokes much less of opposition uproar than a rupee of taxation effort. No wonder, therefore, that our Finance Ministers are generally under severe pressure to go beyond reasonable limits in respect of deficit financing. Thus it has come about that excessive deficit financing has become a cardinal element of the fiscal philosophy of the Indian Finance Ministers; and as a result, price inflation has become an integral element of the process of economic development in India.

So, following his predecessors, Mr Chavan has left a large budgetary deficit

uncovered. According to the incorrect definition adopted by the Ministry of Finance, the overall deficit would be of the order of Rs 220 crores. In terms of the more meaningful definition adopted by the Reserve Bank, the deficit would be larger.

Besides, there are many imponderable factors which may further widen the deficit. One such imponderable factor is the massive influx of refugees from Bangla

Table 4 : Capital provision for major projects : 1971-72

(Rs crores)		
	1970-71 (Revised)	1971-72 (Budget)
(1) Investments in :		
Bokaro Steel Ltd.	146.50	170.06
Fertiliser Corporation of India	26.76	39.61
Food Corporation of India	12.21	62.13
Hindustan Copper Ltd.	13.00	17.84
National Mineral Development Corporation	13.72	18.38
Indian Airlines	10.85	1.67
Bharat Aluminium Co.	7.41	13.47
Hindustan Steel Ltd.	..	9.09
Indian Petrochemicals Corporation Ltd.	7.22	7.10
Rural Electrification Corporation	6.00	11.00
Air India	5.00	10.00
Fertilisers & Chemicals Travancore Ltd.	6.85	2.90
(2) Other Investments :		
Land Mortgage Banks	17.00	18.50
Indian Farmers Fertilisers Co-op. Ltd.	0.00	10.75
Atomic Energy Development	15.65	23.99
(3) Broadcasting	3.91	6.70
(4) Multipurpose River Schemes: Farakka Barrage Project	13.16	9.30
(5) Electricity Schemes :		
Badarpur Thermal Power Station	9.48	10.48
Rajasthan Nuclear Power Station	20.39	14.13
Madras Nuclear Power Station	5.27	9.61
(6) Public Works :		
Roads	45.11	64.47
Buildings	11.48	12.56
Delhi Capital Outlay	12.63	12.30
(7) Transport and Communications :		
Ports	8.10	10.51
Aviation	7.27	13.39
(8) Posts and Telegraphs	15.80	38.60
(9) Railways :		
Rolling stock	105.31	112.18
Machinery and plant	3.43	6.12
Track renewals	26.04	37.65
Bridge works	3.88	5.60
Traffic facilities	36.28	45.29
Signalling and interlocking works	8.92	16.61
Electrification	12.48	16.91
New lines	16.11	17.34

NOTE: Investments in public sector undertakings, include equity and loans also whenever applicable.

SOURCES :

(1) Government of India, *Explanatory Memorandum on the Budget of the Central Government for 1971-72*, Part II, pp. 59 to 70.

(2) Government of India, Ministry of Railways (Railway Board), *Explanatory Memorandum on the Railway Budget 1971-72*, p. 22.

Desh. Mr Chavan has made a provision of Rs 60 crores in the Budget for this purpose. Obviously, this is a gross underestimate. For, only four days earlier, the Prime Minister himself said this in the course of a formal statement in the Lok Sabha: "On present estimates, the cost to the Central exchequer on relief alone may exceed Rs 180 crores for a period of six months" If so, for the current fiscal year, the cost may well be around Rs 360 crores, against Rs 60 crores provided by Mr Chavan. It is then clear that the actual deficit this year will be substantially larger than the budgeted figure of Rs 220 crores. To that extent, the impact of the Budget would be more inflationary.

To impose taxes with the annual yield of Rs 294 crores requires a rare courage. Mr Chavan has amply displayed that courage. However, we must add that he has nonetheless committed the fatal error of leaving a large deficit uncovered. The consequent increase in prices will wipe out the real value of a large part of the additional yield of his fresh taxes also. We

can, therefore, expect the familiar sequence to repeat also—rising prices, clamour for higher wages and prices, rising non-developmental expenditure, paucity of resources for developmental purposes and finally the same big gap in the budget. The endless vicious circle. In the process, the country would continue to have a little economic growth and a lot of inflation with all its ill-consequences. One does not need a prescience to predict that when, a year hence, Mr Chavan sets about framing the Budget for 1972-73, he will once again be bedevilled by a huge budgetary deficit.

To say all this is not to deny some of the solid contributions which the Central exchequer would be making to the national economy in the current fiscal year.

(1) In the context of a chorus of complaints from almost every State about the step-motherly treatment meted out to them by the Central Government, we may begin by noting that in the current year, the Central Government would be transferring Rs 1,868 crores to all the States. A sizable sum by all standards it would

finance about 40 per cent of the total expenditure of all the State Governments.

(ii) Large additional investments are expected to be made in 1971-72 on many projects of the Central Government. Some of the major projects are listed in Table 4. Thus, it is proposed to spend Rs 170 crores on the Bokaro steel project. Further, Rs 40 crores are proposed to be spent on several fertiliser projects undertaken by the Fertilisers Corporation of India. Another Rs 11 crores would be spent by way of assistance to Indian Farmers Fertilisers Co-operative Ltd. The National Mineral Development Corporation will get Rs 18 crores and Hindustan Copper Ltd will get another Rs 18 crores. The Bharat Aluminium Company will get Rs 13 crores. The nuclear power stations, now under construction at Kota (Rajasthan) and Kalpakam (Tamil Nadu), will get Rs 14 crores and Rs 10 crores, respectively. While one cannot but deplore the inexcusable corruption, inefficiency and waste which would most probably accompany the construction and operation of these projects, it would be hard to deny the crucial role which these and other similar projects play in the economic development of the country.

Mere exercise in resource-gathering

By Phiroze B. Medhora

THE Budget for 1971-72, in its efforts at gathering resources, promoting investment and bringing about equality, follows closely the fiscal policies and practices of Finance Ministers during the last 15 years, and more particularly the last five years. The Budget proposals make a bold attempt at raising a fairly substantial amount through taxation; they do nothing, beyond paying lip service, for the other objectives.

The total amount of new taxation levied is Rs 220 crores, since this is for the remainder of 1971-72, the imposition for the whole year is much larger, being Rs 285 crores.

Of the additional levy of Rs 220 crores, almost three-fourths is to be levied in the form of indirect taxes—excise duties and import levies—and one-fourth in direct taxes, mainly adjustments in personal income tax rates, in wealth tax and in corporate taxes.

This year's Budget will go down in fiscal history as the "cosmetics" budget: its greatest innovation is to tax toiletries and cosmetics like perfumed hair oil, lipsticks and other toiletries. The Finance Minister justifies the measure by describing these items as "appurtenances of high living". The yield from this tax on "high living" is expected to increase by Rs 24 lakhs—from Rs 4.14 crores (revised) in 1970-71 to Rs 4.38 crores (budget) in 1971-72 (vide item 26, Cosmetics, in Statement II, Explanatory Memorandum on the Budget).

Dr Medhora is Deputy General Manager of the Industrial Credit and Investment Corporation of India Ltd.

of the Central Government for 1971-72, Part II). However, this attempt at face-lifting apart, the main money-spinners of the Budget remain the traditional sources: taxes on tobacco and on petroleum products. The yield from cigarettes will go up by Rs 3320 crores, that from motor spirit by Rs 3630 crores, or about 5 per cent on total excise revenue from petroleum products.

There is some rationalisation upward in import duty rates. In the process two desirable changes have been brought about: some excluded capital goods items—dairy equipment and so on—have been brought within the tax net; and an attempt to tax agriculture indirectly, through import duty on tractors, has been made. This last is a short-term revenue-earner since imports of tractors will cease in two or three years, yet the principle of taxing agriculture and of levying a tax on labour-saving devices (as also in the case of tax on ready-made garments) is desirable.

In the field of direct taxes, the Budget has increased personal income taxes on incomes above Rs 15,000 per year. It is said that a fool and his money are easily parted: evidently if a person is foolish enough to have wealth of Rs 15 lakhs and not to consult a tax lawyer, he deserves to pay the 8 per cent wealth tax which the Budget has now imposed. In addition, to those who have wealth in the vicinity of Rs 1 lakh, the Budget has provided an incentive to consult tax lawyers—who incidentally manage to avoid income tax on such earnings.

In the field of company taxation, the Finance Minister has raised the rates of

surtax on companies, excluded some industries from priority status and reduced the priority tax differential, and given notice for abolition of development rebate.

The individual tax measures, and the total tax effort, have little relevance to the problems the economy faces. The reliance on excise duties has a slow inflationary impact on costs, as the experience of the last three years shows. Moreover, despite verbal protestations, the Government has not been able to introduce progressivism in excise duties according to class of consumers—as proportion of fabric prices, the excise duty rates on fine and superfine cotton cloth are not more progressive than in coarse cloth.

Is the over-all tax structure more progressive—and, therefore, socially more just? Apparently our budgets make the traditional obeisance to equality, often through punitive tax measures. Purely by the direct tax rate structure, India must sound the most equalitarian society.

Yet, given the degree of tax avoidance and evasion and possibilities of expenditure and income shifts, the real impact of such formal equalitarian tax system has been small. How many people pay wealth tax on wealth above Rs 15 lakhs? And how many people pay income tax on personal income above Rs 1 lakh per year?

Last year's Budget marked the beginning of two new programmes in the attack on poverty: provision of nutrition to children and an employment-creation programme. The provision of the programme for nutrition for children is being

increased from Rs 4 crores in 1970-71 to Rs 10 crores in 1971-72. And the programme for employment-creation is now being extended to educated unemployed, the total programme rising to Rs 75 crores.

Here again there is no indication provided of the actual measure of the real benefit from the programme. What is the quantity of goods distributed, and how many children—and determined by what criteria—obtained nutrition under the scheme? Even if there is no administrative leakage, the employment programme for Rs 75 crores would create, at a payment of Rs 1,000 per year, 7,50,000 jobs. But what is the extent of the administrative structure needed to support such programmes? And the employment programme would involve expenditure on implements and other items.

Progress towards economic equality is essentially symbolic. A bureaucratic programme acquires its own momentum and tends to grow. But, as the family planning programme shows, the cost of the bureaucratic system can swallow most of the allocations of a substantive programme. Moreover, the system itself—the amount of expenditure incurred, the administrative mechanism—becomes the criterion of the success of the programme. Nobody asks what the consequences of the family planning programme on population growth have been, or how many children got milk, or how many people (other than the bureaucrats) got work as a result of the various employment-creation programmes—or whether all the parts of the administrative mechanism are necessary for ensuring the substantive benefits.

One is then left with the general development programmes to measure the incentives for economic growth. The *Economic Survey* for this year had recognised that the *laissez faire* policy, followed during the last four years, had failed to accelerate the tempo of economic growth, and selected increases in public sector investment were needed if the rate of growth was to pick up.

Yet one fails to see this analysis followed through in the Budget proposals. The increase in the Central outlay for 1971-72 is hardly Rs 155 crores. Moreover, this outlay continues to include non-investment items like provision for food-grain buffer stocks. Of the remainder, the largest increase is in social welfare services: their impact on investment remains to be seen. The annual plan outlay has been increased from Rs 2,650 crores to Rs 3,024 crores, or by Rs 400 crores—which is smaller than the increase last year.

As is now customary, there have been serious shortfalls in various items of development expenditure. However, the Government machinery has its own official excuse to explain away its shortcomings. This is what the Budget papers say about the delay in the Government's aluminium project:

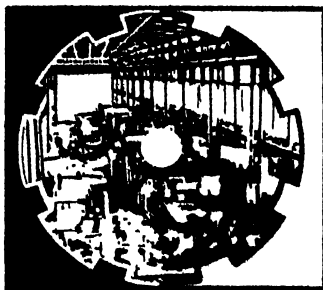
"Bharat Aluminium Company Ltd.—The revised estimates are placed at Rs 7.41 crores, against an original budget of Rs 12.40 crores. The saving is due to the postponement of expenditure on civil engineering, machinery and equipment, mining, etc., caused by non-availability in time of the required quantity of steel with consequent delay in fabrication of plant and equipment" (pp 59-60, Explanatory Memorandum, Part II).

In the field of investment in industry, the impact of the Budget proposals is likely to be adverse. After having had various target dates for self-sufficiency from the various Finance Ministers in the past, the present Budget envisages that India will have been optimally industrialised exactly by May 31, 1974, and that there is no need for investment incentives like development rebate beyond that date. While one may question whether the development rebate is the most efficacious inducement for growth in India's context, there is little doubt that the need to accelerate the rate of investment, and the need to provide incentives to that purpose, will remain for a long time to come.

So also one can question the kind of selectivity that has been introduced in the provision of tax incentives. Firstly, the general tax differential has been narrowed, so as to whittle down the inducement available for priority industries. At any stage of India's development she would always need to accelerate the growth of some industries at a rate far higher than the general run of industries, and effective incentives to this end would always be required. The list of industries eligible for such benefits would be subject to change over time as the needs of the economy change, but the extent of benefit provided needs to be maintained if the incentives are to be effective.

Secondly, while one may accept the need to prune the now-diffuse list of priorities, one may question the actual pruning carried out by the 1971-72 Budget. Perhaps deletion of petrochemicals and soda ash is justified on various grounds (highly capital-intensive or luxury character of the industries); but on what ground is the removal of aluminium or commercial vehicles justified? Aluminium, with iron and steel, was the basis of the Mahalanobis strategy of growth; commercial vehicles are the means of transport for the poorer sections of the people; both these industries need to grow much faster in the coming years. Yet the Budget ignores the logic of this development strategy.

Clearly the Budget proposals fail to serve the broader aspects of the economic philosophy of development. The Finance Minister implies that the Budget is not the only instrument of economic change and one year's budget cannot achieve everything: "It is hardly possible to claim that a new social and economic order can be ushered in through budgetary policy alone, much less through a single budget." However, the budget is at least one instrument for change, and a year's budget at least should seek to make a beginning for change. The 1971-72 Budget proposals fail to do either.



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Hard times ahead for industry

By Our Market Correspondent

THOSE industrialists who believed that stability at the Centre would assure a growth-oriented industrial policy are beginning to have second thoughts. It is not the socialist content of the Budget which is worrying them, but more the negative character of the Budget that does not contain any incentive for the setting up of industries or for exports. Stock markets have in the past few days reflected this mood of industry and trade. After the initial positive response to the Budget proposals which were believed to have let off lightly the corporate sector, the equities have been drifting. What has been disturbing to the stock markets is that even the incentives given in the past for industrial development are being withdrawn one after another. If Mrs Indira Gandhi's Budget in 1970 made the stock markets leave behind their despondent mood, that of Mr Chavan last week has let in a mood of pessimism.

Industrial units were still busy this week assessing the possible impact on their working of the modifications proposed in the tax holiday concession, withdrawal of the development rebate from 1974, curtailment of the priority list and the reduction of special exemption to 5 per cent from 8 per cent of the profits, and other measures announced by the Finance Minister.

The Finance Minister has not given an estimate of the likely additional revenue from the increase in the rate of surtax on company profits from 25 per cent to 30 per cent in the case of chargeable profits in excess of 15 per cent of the capital. But it seems some of the bigger and well-established companies such as Philips India, Century Rayon and Gwalior Rayon will be affected by the increased levy. Further, the modifications of certain existing incentives to new industrial undertakings are likely to affect most their profitability. For example, in the case of new industrial undertakings, ships and approved hotels, debentures and long-term borrowings would now be excluded for calculating the amount of capital employed for determining the exemption of tax up to 6 per cent for the period of five years. Significantly, in the case of some of the important issues which came to the market recently or will come shortly, such as Bihar Alloy Steel, Swadeshi Polytex and Gujarat Polyamides, the long-term loans/debentures amount to nearly one and a half times of the paid-up capital. With the removal of long-term borrowings from the capital base, the element of profit entitled to tax exemption would considerably be reduced. This would tend to lessen the attraction of new issues. It would also tend to reduce the margin available for payment of dividends.

The changes proposed in the field of priority industries, will be mainly felt by the large corporate enterprises in the aluminium, motor trucks and buses, cement and refractories, soda ash and petrochemicals and automobile ancillaries industries which will stand to lose heavily because they will altogether lose the benefit of the exemption of 8 per cent of their profits. However, some of the enterprises have already embarked on plans of expansion and when these materialise, probably the reduction of cost may counter-balance the effect of the loss of this exemption to some extent.

Then there is the measure of fixing a ceiling of Rs 5,000 on salaries and Rs 1,000 in the case of perquisites. Any amount exceeding this would not be allowed to be deducted in the computation of taxable profits. This would affect the amount of net profits available for distribution and ploughing back into business. Companies, particularly the foreign-controlled enter-

prises, where the number of whole-time directors is very large and the quantum of remuneration is also much higher than the ceiling prescribed in the Budget would be particularly affected.

While this is the broad assessment made by industry of the Budget proposals, there is the large network of excise duties which is also going to affect the industry by increasing the cost of production. Electrical and engineering industries which depend on imported raw materials like steel and non-ferrous metals are facing the problem of escalation of manufacturing costs following the new budget levies. Imported copper costs currently Rs 10,000 per tonne. With the levy of a 30 per cent duty the landed cost will go up to Rs 13,000 per tonne. In addition, there will be a countervailing duty of Rs 1,500 which is collected even now. It is not yet known whether the price of the indigenous copper would be put up by the same percentage. Copper imports are currently of the order of nearly one lakh tonnes which cost about Rs 40 crores per annum to the country. With an import duty of 30 per cent of the value of imports is estimated to exceed Rs 50 crores. The Government has already taken measures to discourage use of copper by banning the use of the metal in the manufacture of household cables. To induce economy in its use the existing concession in duty on copper contents of certain types of electric wires and cables has been withdrawn.

The 40 per cent duty on lead and zinc is likely to push up the costs in the engineering industry where these items are

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used in the form of alloy and separately too. Zinc is used extensively for galvanising and as a result the cost of galvanised sheets is expected to go up. Customs duty on items like rods, bars, and flats of alloy tool and special steel has been doubled. The duty has been raised from 27.5 per cent to 30 per cent and 40 per cent in the case of many other items. This is bound to affect the cost structure of the engineering industries.

Woollen industry would be contributing about Rs 10 crores to the exchequer as a result of the new levies. The import duty of 40 per cent on raw wool and wool tops, and the rise in the excise duty on different types of yarns as also the increase in excise duty on wool top from Rs 2.45 to Rs 3.55 per kg will increase the production costs of the industry. So far the excise on woollen yarns was on the basis of specific duties but now *ad valorem* basis has been introduced. Prior to the introduction of the *ad valorem* basis the specific duty on grey handknitting yarn was 80 paise which has gone up to Rs 1.28 per kg. According to industry circles, the import, as also the excise duties, will add to the costs by about Rs 5 per kg. The industry would have to pay about Rs 8 crores more as import duty in addition to the usual import bill. In the current phase of financial difficulties, as also the credit stringency, the units might find it hard to enter the export markets by reducing the costs. The industry has already approached the Government with a request to reconsider the budget levies.

Brokers in land and buildings property in Bombay do not expect any selling

wave as a result of the Finance Minister's measures to acquire properties at prices that correspond to what is recorded in the sale deed. The Government is also bringing legislation to discourage *benami* holding of property. The valuation cell in the tax administration for valuation of buildings is also being strengthened. The net effect of all these measures would be to bring down the demand. The turnover in high-value property is expected to come to a standstill. In any case, it is going to be reduced.

The *ad valorem* duty of 10 per cent on agricultural tractors is to fetch a revenue of Rs 3.40 crores. The entire burden is expected to be passed on to the consumer—the affluent section in agriculture. The demand for tractors is estimated to be about 80,000 per year while the current production is 20,000 per year. The indigenous manufacturers are happy that a levy of 30 per cent on import of foreign tractors is being imposed. The price differential between the indigenous tractors on the one hand and the US and the East German tractors would be narrowed down. Industry circles are however worried that the jack-up in the rate from 15 per cent to 30 per cent in the duty on agricultural machinery and implements, dairy and poultry farming appliances would increase the prices and may affect the demand. If the harvests suffer on account of adverse weather conditions the immediate impact is on the demand for these items. Steep increases in duties on such products therefore need to be avoided. In fact it is possible that farmers' lobby in

Parliament would take up the matter with the Finance Minister.

In the case of the ready-made garment industry, subjected to an excise levy of 10 per cent, there would be an escalation in costs. In the organised sector there are about 1,000 units with a strength of 28,000 workers. There is idle capacity in the industry to the extent of 40 per cent to 60 per cent as the demand for garments is not picking up to the extent the industry had expected. The ready-made garments are also subjected to sales tax in all the States at high rates and the new levy would make the garments costlier. The industry exports garments worth about Rs 8 crores. If the domestic base of the industry is weakened, it is feared, it would have an adverse impact on export performance.

The duty of 10 paise per kilo on maida produced by roller flour mills in the organised sector (yield Rs 7.5 crores) will hit the common man because of the rise in the price of bread. The Maharashtra Government is not happy either with the levy as the bread prices are going up. The view of the Finance Ministry officials that the bread is not consumed by the common man is not shared by the State Government. To more than 1.5 million industrial workers in Bombay city alone, bread has become as good as staple diet, with a full meal costing nothing less than Rs 2 per head. The State Government is, therefore, requesting the Union Government to withdraw the levy.

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REACTION ROUND-UP

Burden on backward areas

By Our Correspondent

MR Y. B. Chavan has claimed that his first Budget presented last week has tried to meet the immediate and urgent requirements of the economy while furthering the accepted objective of a truly socialist society. Whatever be the merits of this claim, his feelings are not shared by trade or industry. Nor are the middle classes happy with the Budget which seeks to collect Rs 220 crores by additional taxation this year. What is still more significant is that Government leaders in some of the States have expressed their misgivings about the possible adverse impact of the Budget on the economy of their States.

Orissa's Chief Minister, Mr Biswanath Das, has made the bitter comment that "both price stabilisation and fall in prices are now bound to be a day-dream". His criticism of the Budget need not necessarily be dismissed as natural for one who heads a government of parties in opposition to the Ruling Congress. There is genuine fear in the State that because of the recently announced higher rail freights and the sharp rise in the excise duty on motor spirit, transport costs will go up making even salt costlier. The Adivasis in the jungle areas of Orissa already pay at least 30 paise per kg for their salt and it should be disturbing to them that they will have to pay still more for this daily necessity. In general, it is feared, the higher transport costs will affect the economy of the State inasmuch as iron ore and other minerals which are exported from Orissa will have to bear higher road freights.

Not only Orissa but Punjab and Himachal Pradesh, too, are worried over the taxation proposals that will affect the cost of transport and which have come on the top of the higher railway freights announced earlier. Punjab's Finance Minister, Mr Balwantsingh, has gone to the extent of saying that the proposed Central taxes would play havoc with the economy of the State. He may have been exaggerating the situation, but it is being pointed out that, first, with coal costing more because of the higher railway freight both the foundry and the brick industries in the region would be hit. If bricks become costlier it could discourage the construction of brick houses in villages and retard village development works such as pavement of streets and construction of drains. It is even being argued that duty on tractors, motor parts and imported farm implements would affect adversely "marginal farmers" who constitute more than 75 per cent of the

total population of farmers. Most of the farmers purchase tractors with loans from the land mortgage banks and the increase in the cost of tractors could well upset the programme of Punjab importing 8,000 tractors in the next two years. All this is sure to raise a demand that the price of foodgrains be increased. Government spokesmen in Punjab also apprehend that the tax on light engineering goods, motor parts and nuts and bolts will prove a burden to the large number of units manufacturing these items and which form the base of the industrial structure of the State.

In Himachal Pradesh the horticulturists, who form the backbone of the State's economy, are disturbed about the possible impact on their industry of the levy on agricultural machinery and implements, increased duty on petrol, increased rate of surcharge on income and enhanced postal rates coupled with increased railway freights. The delicious juicy apples grown in Himachal Pradesh are bound to be costlier outside the State where the main market lies. Whether this development would mean a setback for the industry remains to be seen. There is also the fear that the State's infant canning industry will be hit and that its growth will be retarded.

Even in the State of Jammu and Kashmir the increase in transport costs, it is widely felt, is bound to affect the economy since the State has to depend to a large extent on transportation of goods by road. Kashmir perhaps will be the worst hit by the proposed levy on maida since, unlike in other parts of the country, the average Kashmiri consumes only fine wheat flour in the form of a special bread prepared at numerous bakeries.

While these reactions highlight the peculiar problems of the States concerned, on a broader plane, industry and trade fear that the Budget will neither stimulate investment nor give a push to economic

growth. There is a marked concern over the absence of a strategy to contain prices, and, notwithstanding the claims made by the Finance Ministry spokesmen, industry and trade are sure that the uncovered deficit of Rs 220 crores would prove unhealthy to the economy. The additional Plan outlay of Rs 300 crores over the previous year would, to a certain extent, give fillip to investment in the public sector, which has been on the low side in recent years. Nevertheless, this by itself is not expected to stimulate investment to an extent which should have been possible when the economy was poised for a leap forward if only the necessary incentives had been provided for the private sector.

There is one proposal of the Finance Minister which, however, has been welcomed unreservedly. It is the announcement that the loopholes that make possible fictitious sale deeds of property will be plugged and that a study would be made to devise measures to avoid evasion of excise duty and the leakage of foreign exchange. The Government's efforts in these directions or in checking smuggling have been far from successful so far and the hope is being expressed that the administrative machinery would be more energetic in combating the economic offences.

Though such a State as Punjab might be unhappy over the imposition of duty on tractors, the industrial sector, by and large, remains disappointed that the Government is still shy of bringing the affluent agricultural sector within the ambit of taxation. Mr Chavan's contention that little can be done by the Centre in this field and that it is the States which will have to take the initiative is considered a lame excuse. The levy of an excise duty on tractors, it is forcefully argued, cannot be a substitute to a direct taxation of the higher income brackets in the agricultural sector.

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The taxation proposals

Compiled by Commerce Research Bureau

THE Union Finance Minister, Mr Y B Chavan, presenting his maiden Budget for 1971-72 to the Lok Sabha on May 28, 1971, disclosed an overall deficit of Rs 397 crores. Rs. 75 crores on revenue account and Rs. 372 crores on capital account. Mr Chavan proposed to garner additional resources of the order of Rs 220 crores through fresh imposts. After the transference of Rs 43 crores to the States Rs 177 crores would accrue to the Centre. Thus, the overall uncovered deficit would be Rs 220 crores, should the Finance Minister's proposals for additional taxation of Rs 220 crores go through.

The following are the taxation proposals in the Budget for 1971-72 which will yield Rs 220 crores in the current year, but about Rs 250 crores in a full year. The changes in excise duties and customs are effective from Friday (May 28, 1971) midnight, whereas others only after the Finance Bill (1971) is passed by the Lok Sabha.

DIRECT TAXES

Income tax: In the case of individuals as well as Hindu undivided families the rate of surcharge on total income exceeding Rs 15,000 per annum has been raised from 10 to 15 per cent.

Additional revenue yield during 1971-72: Rs 12 crores

Additional yield in a full year: Rs 20 crores

Income tax payable in the case of an individual, Hindu undivided family, unregistered firm, association of persons etc., at the rates proposed in the Bill for computation of advance tax and deduction of tax at source from "Salaries" during the Financial Year 1971-72.

A. Basic income tax (i.e. exclusive of surcharge)

Total Income	Tax	For calculating tax at intermediate levels of income
Rs.	Rs.	
6,000	100	For every additional Rs. 10 of income, ADD Rs. 1.00 to the tax.
7,000	200	
8,000	300	
9,000	400	
10,000	500	
16,000	500	For every additional Rs. 10 of income, ADD Rs. 1.70 to the tax.
11,000	670	
12,000	840	
13,000	1,010	
14,000	1,180	
15,000	1,350	
15,000	1,350	For every additional Rs. 10 of income, ADD Rs. 2.30 to the tax.
16,000	1,580	
17,000	1,810	
18,000	2,040	
19,000	2,270	
20,000	2,500	
20,000	2,500	For every additional Rs. 10 of income, ADD Rs. 3.00 to the tax.
21,000	2,800	
22,000	3,100	
23,000	3,400	
24,000	3,700	
25,000	4,000	

Total Income	Tax	For calculating tax at intermediate levels of income
Rs.	Rs.	
25,000	4,000	For every additional Rs. 10 of income, ADD Rs. 4.00 to the tax.
26,000	4,400	
27,000	4,800	
28,000	5,200	
29,000	5,600	
30,000	6,000	For every additional Rs. 10 of income, ADD Rs. 5.00 to the tax.
30,000	6,000	
31,000	6,500	
32,000	7,000	
33,000	7,500	
34,000	8,000	For every additional Rs. 10 of income, ADD Rs. 6.00 to the tax.
35,000	8,500	
36,000	9,000	
37,000	9,500	
38,000	10,000	
39,000	10,500	For every additional Rs. 10 of income, ADD Rs. 6.00 to the tax.
40,000	11,000	
40,000	11,000	
41,000	11,600	
42,000	12,200	
43,000	12,800	For every additional Rs. 10 of income, ADD Rs. 6.00 to the tax.
44,000	13,400	
45,000	14,000	
46,000	14,600	
47,000	15,200	
48,000	15,800	For every additional Rs. 10 of income, ADD Rs. 6.00 to the tax.
49,000	16,400	
50,000	17,000	
51,000	17,600	
52,000	18,200	
53,000	18,800	For every additional Rs. 10 of income, ADD Rs. 7.00 to the tax.
54,000	19,400	
55,000	20,000	
56,000	20,600	
57,000	21,200	
58,000	21,800	For every additional Rs. 10 of income, ADD Rs. 7.00 to the tax.
59,000	22,400	
60,000	23,000	
60,000	23,000	
61,000	23,700	
62,000	24,400	For every additional Rs. 10 of income, ADD Rs. 7.50 to the tax.
63,000	25,100	
64,000	25,800	
65,000	26,500	
66,000	27,200	
67,000	27,900	For every additional Rs. 10 of income, ADD Rs. 8.00 to the tax.
68,000	28,600	
69,000	29,300	
70,000	30,000	
71,000	30,700	
72,000	31,400	For every additional Rs. 10 of income, ADD Rs. 8.50 to the tax.
73,000	32,100	
74,000	32,800	
75,000	33,500	
76,000	34,200	
77,000	34,900	For every additional Rs. 10 of income, ADD Rs. 8.50 to the tax.
78,000	35,600	
79,000	36,300	
80,000	37,000	
80,000	37,000	
81,000	37,700	For every additional Rs. 10 of income, ADD Rs. 9.00 to the tax.
82,000	38,400	
83,000	39,100	
84,000	39,800	
85,000	40,500	
86,000	41,200	For every additional Rs. 10 of income, ADD Rs. 9.50 to the tax.
87,000	41,900	
88,000	42,600	
89,000	43,300	
90,000	44,000	
91,000	44,700	For every additional Rs. 10 of income, ADD Rs. 10.00 to the tax.
92,000	45,400	
93,000	46,100	
94,000	46,800	
95,000	47,500	
96,000	48,200	For every additional Rs. 10 of income, ADD Rs. 10.50 to the tax.
97,000	48,900	
98,000	49,600	
99,000	50,300	
1,00,000	51,000	
1,00,000	51,000	For every additional Rs. 10 of income, ADD Rs. 11.00 to the tax.
1,01,000	51,700	
1,02,000	52,400	
1,03,000	53,100	
1,04,000	53,800	
1,05,000	54,500	For every additional Rs. 10 of income, ADD Rs. 11.50 to the tax.
1,06,000	55,200	
1,07,000	55,900	
1,08,000	56,600	
1,09,000	57,300	
1,10,000	58,000	For every additional Rs. 10 of income, ADD Rs. 12.00 to the tax.
1,11,000	58,700	
1,12,000	59,400	
1,13,000	60,100	
1,14,000	60,800	
1,15,000	61,500	For every additional Rs. 10 of income, ADD Rs. 12.50 to the tax.
1,16,000	62,200	
1,17,000	62,900	
1,18,000	63,600	
1,19,000	64,300	
1,20,000	65,000	For every additional Rs. 10 of income, ADD Rs. 13.00 to the tax.
1,21,000	65,700	
1,22,000	66,400	
1,23,000	67,100	
1,24,000	67,800	
1,25,000	68,500	For every additional Rs. 10 of income, ADD Rs. 13.50 to the tax.
1,26,000	69,200	
1,27,000	69,900	
1,28,000	70,600	
1,29,000	71,300	
1,30,000	72,000	For every additional Rs. 10 of income, ADD Rs. 14.00 to the tax.
1,31,000	72,700	
1,32,000	73,400	
1,33,000	74,100	
1,34,000	74,800	
1,35,000	75,500	For every additional Rs. 10 of income, ADD Rs. 14.50 to the tax.
1,36,000	76,200	
1,37,000	76,900	
1,38,000	77,600	
1,39,000	78,300	
1,40,000	79,000	For every additional Rs. 10 of income, ADD Rs. 15.00 to the tax.
1,41,000	79,700	
1,42,000	80,400	
1,43,000	81,100	
1,44,000	81,800	
1,45,000	82,500	For every additional Rs. 10 of income, ADD Rs. 15.50 to the tax.
1,46,000	83,200	
1,47,000	83,900	
1,48,000	84,600	
1,49,000	85,300	
1,50,000	86,000	For every additional Rs. 10 of income, ADD Rs. 16.00 to the tax.
1,51,000	86,700	
1,52,000	87,400	
1,53,000	88,100	
1,54,000	88,800	
1,55,000	89,500	For every additional Rs. 10 of income, ADD Rs. 16.50 to the tax.
1,56,000	90,200	
1,57,000	90,900	
1,58,000	91,600	
1,59,000	92,300	
1,60,000	93,000	For every additional Rs. 10 of income, ADD Rs. 17.00 to the tax.
1,61,000	93,700	
1,62,000	94,400	
1,63,000	95,100	
1,64,000	95,800	
1,65,000	96,500	For every additional Rs. 10 of income, ADD Rs. 17.50 to the tax.
1,66,000	97,200	
1,67,000	97,900	
1,68,000	98,600	
1,69,000	99,300	
1,70,000	1,00,000	For every additional Rs. 10 of income, ADD Rs. 18.00 to the tax.
1,71,000	1,00,700	
1,72,000	1,01,400	
1,73,000	1,02,100	
1,74,000	1,02,800	
1,75,000	1,03,500	For every additional Rs. 10 of income, ADD Rs. 18.50 to the tax.
1,76,000	1,04,200	
1,77,000	1,04,900	
1,78,000	1,05,600	
1,79,000	1,06,300	
1,80,000	1,07,000	For every additional Rs. 10 of income, ADD Rs. 19.00 to the tax.
1,81,000	1,07,700	
1,82,000	1,08,400	
1,83,000	1,09,100	
1,84,000	1,09,800	
1,85,000	1,10,500	For every additional Rs. 10 of income, ADD Rs. 19.50 to the tax.
1,86,000	1,11,200	
1,87,000	1,11,900	
1,88,000	1,12,600	
1,89,000	1,13,300	
1,90,000	1,14,000	For every additional Rs. 10 of income, ADD Rs. 20.00 to the tax.
1,91,000	1,14,700	
1,92,000	1,15,400	
1,93,000	1,16,100	
1,94,000	1,16,800	
1,95,000	1,17,500	For every additional Rs. 10 of income, ADD Rs. 20.50 to the tax.
1,96,000	1,18,200	
1,97,000	1,18,900	
1,98,000	1,19,600	
1,99,000	1,20,300	
2,00,000	1,21,000	For every additional Rs. 10 of income, ADD Rs. 21.00 to the tax.
2,01,000	1,21,700	
2,02,000	1,22,400	
2,03,000	1,23,100	
2,04,000	1,23,800	
2,05,000	1,24,500	For every additional Rs. 10 of income, ADD Rs. 21.50 to the tax.
2,06,000	1,25,200	
2,07,000	1,25,900	
2,08,000	1,26,600	
2,09,000	1,27,300	
2,10,000	1,28,000	For every additional Rs. 10 of income, ADD Rs. 22.00 to the tax.
2,11,000	1,28,700	
2,12,000	1,29,400	
2,13,000	1,30,100	
2,14,000	1,30,800	
2,15,000	1,31,500	For every additional Rs. 10 of income, ADD Rs. 22.50 to the tax.
2,16,000	1,32,200	
2,17,000	1,32,900	
2,18,000	1,33,600	
2,19,000	1,34,300	
2,20,000	1,35,000	For every additional Rs. 10 of income, ADD Rs. 23.00 to the tax.
2,21,000	1,35,700	
2,22,000	1,36,400	
2,23,000	1,37,100	
2,24,000	1,37,800	
2,25,000	1,38,500	For every additional Rs. 10 of income, ADD Rs. 23.50 to the tax.
2,26,000	1,39,200	
2,27,000	1,39,900	
2,28,000	1,40,600	
2,29,000	1,41,300	
2,30,000	1,42,000	For every additional Rs. 10 of income, ADD Rs. 24.00 to the tax.
2,31,000	1,42,700	
2,32,000	1,43,400	
2,33,000	1,44,100	
2,34,000	1,44,800	
2,35,000	1,45,500	For every additional Rs. 10 of income, ADD Rs. 24.50 to the tax.
2,36,000	1,46,200	
2,37,000	1,46,900	
2,38,000	1,47,600	
2,39,000	1,48,300	
2,40,000	1,49,000	For every additional Rs. 10 of income, ADD Rs. 25.00 to the tax.
2,41,000	1,49,700	
2,42,000	1,50,400	
2,43,000	1,51,100	
2,44,000	1,51,800	
2,45,000	1,52,500	For every additional Rs. 10 of income, ADD Rs. 25.50 to the tax.
2,46,000	1,53,200	
2,47,000	1,53,900	
2,48,000	1,54,600	
2,49,000	1,55,300	
2,50,000	1,56,000	For every additional Rs. 10 of income, ADD Rs. 26.00 to the tax.
2,51,000	1,56,700	
2,52,000	1,57,400	
2,53,000	1,58,100	
2,54,000	1,58,800	
2,55,000	1,59,500	For every additional Rs. 10 of income, ADD Rs. 26.50 to the tax.
2,56,000	1,60,200	

such deduction has been raised from Rs 15,000 to Rs 20,000 in the case of individuals.

With the concessions in the standard deductions allowable for conveyance and long-term savings available now, an employee with an annual income of Rs 6,000 would be left with no income tax incidence whatsoever, provided he saves a minimum of Rs 400 in the approved form.

The structural changes proposed by the Finance Minister sizably affect the incidence of company taxation. While the rates of taxation on the ordinary income of companies have been left undisturbed, except for the rates on capital gains, the rate of surtax on company profits has been increased from 25 to 30 per cent in the case of chargeable profits in excess of 15 per cent of the capital.

It has been proposed not to allow any development rebate whatsoever on ships acquired and machinery or plant installed after May 31, 1974. The logic of this move seems to be to quicken the pace of in-

vestment in the remaining years of the Fourth Plan.

Hereafter, in the case of new industrial undertakings, ships and approved hotels, while calculating the exemption limit of 6 per cent profit on the capital employed, debentures and long-term borrowings will be excluded.

Additional revenue yield during 1971-72: Rs 10 crores.

Additional yield in a full year: Rs 14 crores.

Aluminium, motor trucks and buses, cement and refractories, soda ash, petrochemicals and automobile ancillaries have been excluded from the list of priority industries. Moreover, the special tax exemption limit for priority industries has been cut down to 5 per cent of their profit from the existing 8 per cent limit.

Additional revenue during 1971-72: About Rs 6 crores.

Additional yield in a full year: Rs 8 crores.

Foreign companies were hitherto entitled to a concessional rate of 14 per cent

tax on dividends received from a closely-held Indian company mainly engaged in a priority industry. This will, from now on, be discontinued. The foreign companies will be subjected to tax on such dividends at the uniform rate of 24.5 per cent.

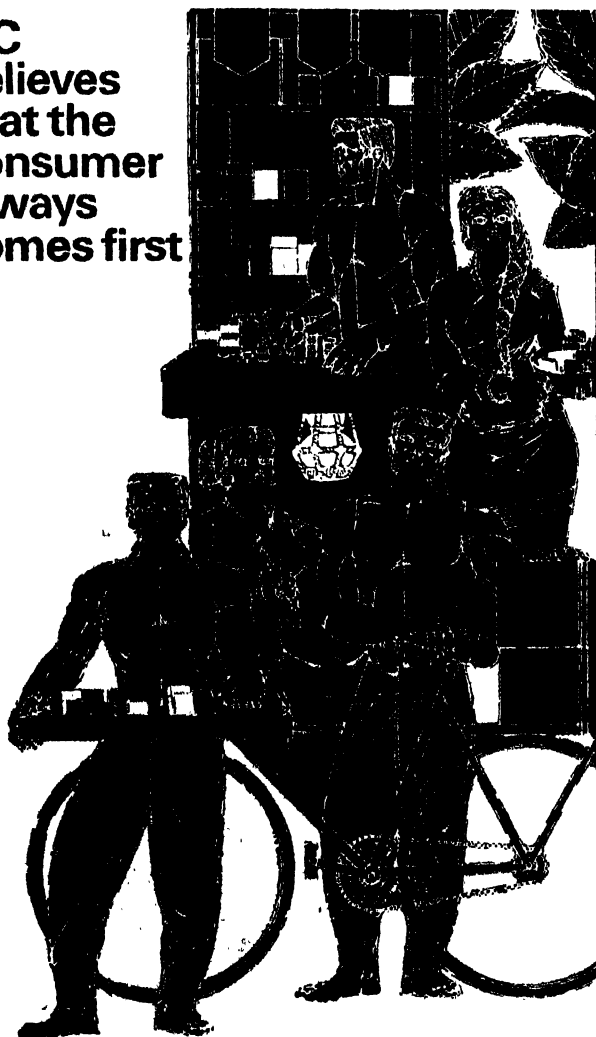
The tax concessions for promoting development and export of technical know-how and technical services which have been available only to companies will, from now on, also apply to individuals, Hindu undivided families and partnership firms.

The entire business income of co-operative societies of workers or those engaged in fishing and allied activities will be exempted from tax.

Local authorities deriving income from the supply of water or electricity to villages outside their jurisdiction will be exempted from tax on such income.

The Housing and Urban Development Finance Corporation will be exempted from income tax for 10 years. The Deposit Insurance Corporation will also enjoy tax exemption for further five years.

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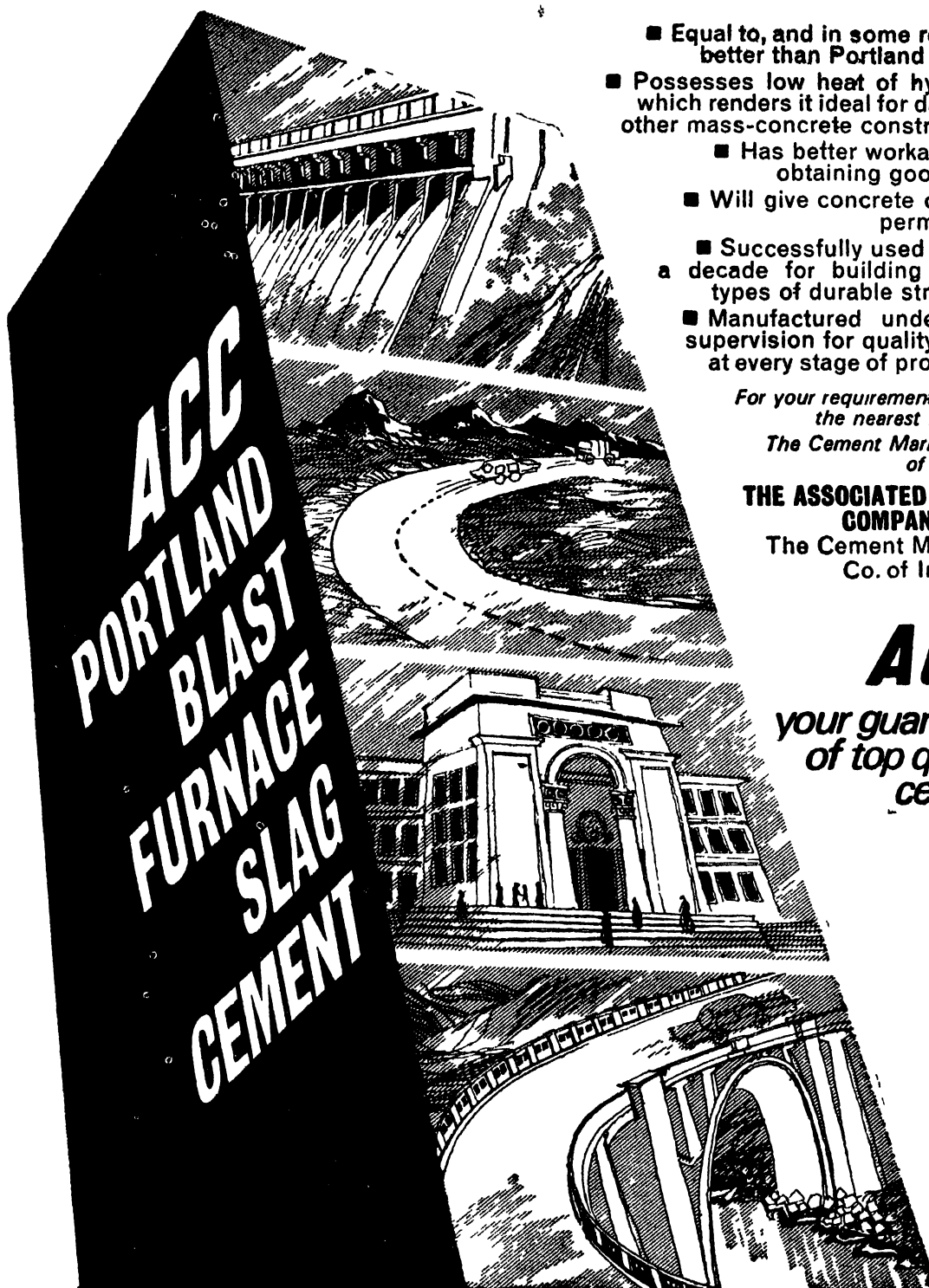
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COMMERCE

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Too heavy for our shoulders

WITH the spread of cholera among the refugees the problem of displaced persons has acquired a new dimension. At the moment it is not clear whether the epidemic is of the killer type. It is true that the high mortality and seizure rates are matters of concern. This could be attributed to the highly exhausted condition of the refugees and to the fact that there is a possibility of their catching the disease even before their entering the Indian territory. If they had to trek in fear across large distances even after catching the disease the mortality rate would be high whether or not the cholera is of a deadly kind. Anyway, this is a problem which has to be watched very closely by the competent authorities in order to take all the necessary steps to see that the epidemic does not spread in other parts of the country. Much will depend upon the availability of the medical supplies needed for the purpose. Fortunately there are signs of international bodies at last becoming aware of the enormity of the situation, and the help has begun to pour in. Some 3,000 tonnes of medical supplies are planned to be airlifted. Air-India is likely to transport the supplies free and there are possibilities of moving a Jumbo for this purpose. In the meantime, the capacity of the Central Research Institute at Kasauli to produce cholera vaccine has been raised to 400,000 to 500,000 doses per week. With these massive efforts it may be possible to contain the disease.

Cholera epidemic is, however, only one of the aspects of this problem. The influx has obviously surpassed the estimates of the Government and no adequate measures have been thought out in advance to deal with so massive an influx of refugees. The cry of distress by the West Bengal Government awakened the Government of India to the realisation of the need for shifting from the State as many refugees as possible. As a result of the Prime Minister's visit to Calcutta it has been decided to locate camps in Bihar, Madhya Pradesh and Orissa where the refugees could be dispersed. The real problem here is one of transport. The Railways are trying to figure out the logistic problems and there are indications that not more than 10,000 people can be dispersed per day even with the best efforts. If 900,000 refugees are to be taken out of West Bengal, this would take at least three months. If the 40 UNICEF vehicles and 30 WHO vehicles are also pressed into service, that might expedite the work of transport. A more substantial help could be given by the transport planes which the US is contemplating to lead to India if the trial flights proved successful.

Obviously the tremendous resources needed for the shifting of the refugees and maintenance of refugee camps are beyond the capacity of India. In the Budget the Union Finance Minister has tentatively made a provision of Rs 60 crores for providing relief to the evacuees from East Bengal and has taken credit on the revenue

side to the extent of Rs 20 crores expected by way of external assistance for this purpose. These amounts are by no means sufficient to finance the relief measures. At the popular level efforts are being made in other countries to collect resources for the East Bengal refugees, but at the Government level the approach is still halting and is of an *ad hoc* nature. It is true, the UN High Commissioner for Refugees has announced that to date the contributions pledged through the world body has totalled Rs 23.4 crores. Much more, however, would be required, and it is not known at the moment whether the member countries of the UN would be prepared to underwrite all the resources needed.

Of still greater importance is the question of the future of these refugees. The Government of India has made it clear that the ultimate aim of its refugee policy would be to send them back to East Bengal. The Prime Minister has appealed to Governments the world over to intervene and help in creating a situation in which the refugees would be willing to go back to their homes. But this does not seem to have elicited any constructive response. It is doubtful if all the refugees would consent to go back. Certain sections of the East Bengal population had specially come under the notice of the military now operating in East Bengal. Those who have escaped the attempt at decimation would not readily consent to go back. It is quite likely that India will have to absorb at least some of the refugees who are now taking shelter here. If they have not to permanently migrate to our country something more than mere normalisation of the situation in East Bengal will be necessary. Only adequate pressure from the big powers on Islamabad could help create a favourable atmosphere for the return of all the refugees to East Bengal, which is the aim of the Government of India's refugee policy.

The Prime Minister has advised the country not to get panicky and to face the situation forced upon it with courage. So far the people have risen to the occasion. Unofficial efforts are being made to collect resources to help the refugees and there is tremendous sympathy for these victims of brutal terrorisation. At the same time, the possibilities of social tensions developing in the areas where the refugees are camped cannot be ignored. There are already reports of uneasiness in the tribal areas of Meghalaya at the arrival of the refugees there. Shillong recently observed a 12-hour hartal to protest against the presence of refugees in the region. These incidents might spread. One should sincerely hope that as a result of international pressure some solution will be found whereby the refugees will be taken off our shoulders. If this is found not possible India might be forced to protect herself against the health hazards, the continuous draft on her resources and threats to law and order in the country.

Power in the seventies

THE 10-year Power Plan drawn up by the Ministry of Irrigation and Power, envisaging an installed capacity of 52 million kw by 1980-81 against 16.4 million kw at the beginning of the decade, can by no means be considered ambitious in terms of our needs. Its basis is the growth rate of demand during the past decade which was of the order of 12.5 per cent. This period, as the plan itself points out, was one during which the economy moved at a slow pace. Unless, therefore, we are planning for stagnation in the economy we must accept the assessment of the Ministry that we should achieve an installed capacity of 52 million kw in order to ensure that no bottlenecks on account of power shortage are created in the progress of industry and agriculture. The Ministry's exercise would have been more meaningful if the planners had also worked out in detail the financial implications. The Ministry's attitude might possibly be that whatever resources are involved must be found even if this means curtailing of outlays on some other sectors. This need not be an unreasonable proposition since power constitutes a strategic force for the development of industry and agriculture. But past experience and pragmatism should have indicated to the Ministry that it cannot hope to carry with it the Planning

Commission or the Government if the demand made on the resources looks staggering. If the financial picture were available there would, at least, have been an opportunity to judge, on the basis of past records, whether the Ministry and the State electricity boards will be in a position to utilise the funds asked for.

Shortfalls in power targets in the past cannot all be traced to shortage of resources. There have been incredible delays in commissioning projects according to schedule because of lags either in civil works or in the supply of machinery and essential raw materials or even because preliminary investigations were not completed in time. The plan itself concedes this and has proposed several measures to ensure smooth implementation of the power schemes on the anvil. It calls for detailed investigations of potential hydel schemes, launching of preliminary works such as construction of access roads where schemes have been already investigated, finalisation of the designs for power plans and placing of orders with manufacturing units as early as possible to carry out their timely delivery and firm arrangements for the transportation of coal from fields to the power stations. But the mere identification of hurdles is not enough. Concrete plans have to be drawn up to overcome them and put them into effect. The failure on this count is reflected in the shortfall during 1969-70 and 1970-71 in capacity installation against the target of an additional 2 million kw and 1.6 million kw. A capacity of only 1.2 million kw and 1 million kw respectively was achieved during these two years. One cannot yet be sure that during the three remaining years of the Fourth Plan the balance of 7 million kw will be installed to achieve the target of 23.1 million kw. Mere exhortations to indigenous suppliers to deliver equipment on schedule and to the project authorities to ensure the completion of civil works in time are not going to help. It is our inability in the past to implement even moderate programmes that makes it a stupendous task to add during this decade a generating capacity equivalent to twice that installed so far.

The challenge has, however, to be met. The plan itself has attempted to facilitate the implementation by including most of the hydel schemes which have already been investigated and proposing additions to thermal plants mostly on sites already developed or under development. It has got over the controversy whether we should or should not develop nuclear power in this country by firmly coming in favour of an additional nuclear capacity of 3,000 mw. It has also another feature to commend in that the share of hydro power in the total supply will be increased as recommended by experts who have drawn attention to the cheaper cost of electricity from this source. The proportion of 22.3 million kw of hydro power, 23.9 million kw of thermal power and 4.2 million kw of nuclear power in a total capacity of 50.4 million kw of utilities may not be the ideal one. But this would take us at least nearer the share of 60 per cent for hydro power recommended by the Energy Survey Committee and other bodies. One cannot overlook that we have to pay as much attention to the cost of power as to its adequate supply.

The right mix of hydro and thermal power, therefore, has to have the highest priority in power planning. Simultaneously we must make the optimum use of the power generated, which would imply that we must push through with greater vigour the construction of inter-State and inter-regional transmission links. That the Ministry of Power and the State electricity boards have yet to draw up a time table indicating the target dates for completion of the various links planned for the Fourth Plan would suggest that the desired emphasis is still not placed on a vital segment of our power programme. This is perhaps not surprising considering that the State electricity boards are not yet fully seized of the importance of improving their financial performance. None of them, even in 1970-71, was anywhere near the target of 11 per cent return recommended by the Venkataraman Committee as far back as 1964. If these agencies for power supply do not set their financial houses in order, it would be futile to expect such organisations to carry through the programme, however desirable and essential it may be. (See page 1093—Power development plan: 1971-81.)

WHY did Sheikh Abdullah do this? In publicly supporting Yahya Khan's genocide Sheikh Abdullah has forfeited the sympathy of even those who had a hope that one can do business with this erratic Kashmiri leader. Radio Pakistan recently broadcast an interview of Sheikh Abdullah with an Indian newspaper *Rehnuma-i-Deccan* in which he justified the unprecedented carnage of Bengali Muslims by Punjabi Muslims. Sheikh Abdullah who still dreams of an independent Kashmir particularly objected to the demand of Sheikh Mujibur Rahman for making foreign trade a regional subject in Pakistan. He said that no Government had ever accepted such a demand. He also added that no Government in the world would tolerate a move that may lead to the disintegration of the country. Sheikh Abdullah, who has himself decided to side with the suppressor of the right of self-determination of the people of Pakistan, has accused the Indian Government of having one norm for Pakistan and another for Kashmir. Sheikh Abdullah wants the right of self-determination only for Kashmir. As far as Pakistan is concerned he would not like to apply the same norm to the military junta of Islamabad. He would like to dismember India, but he would condone the unprecedented carnage in recent human history on the ground that the integrity of Pakistan was threatened. So Sheikh Abdullah is nearer to the Punjabi generals of Pakistan than to the suppressed Muslim masses of East Bengal. He is thus more pro-Pakistani than Pakistanis themselves. So the logical step for him is to go to the country of his choice and assist the military junta of Pakistan in carrying out more efficiently their campaign of exterminating Bengali Muslims. The least that the Government of India can do is to ask Sheikh Abdullah to migrate to the country of his concern. We can perhaps bear the burden of four million refugees, but not that of a traitor to basic human rights.

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Although Governments of Muslim countries have failed to react publicly to the incredible tragedy of Bengali Muslims, a large section of the press in the Muslim world has stood by Bangla Desh. The following editorial comments would indicate the agony of the thinking segment of the Islamic world:

Since the birth of Pakistan, the East has been complaining against exploitation and cheating by the West. In this connection, the following facts and figures are witness to it: 90 per cent of the army officers and soldiers are from West Pakistan. 85 per cent of the civil service is composed of Westerners. 70 per cent of the country's income is spent on the West. 80 per cent of the hard currency earned from exports is spent on the West and 20 per cent on the East—*El-Sahafa* (April 5), Sudan.

What we have clearly observed is that East Pakistan is, in fact, not part of an independent country, but a mere colony of West Pakistan—*Utusan Malaysia* (March 30), Malaysia.

Mujib is the true representative of the East Pakistani people and had secured 98 per cent of their votes. His opinion is to be respected as the representative of true democracy. There should have been a middle course solution, may be full autonomy, federation or anything else. Mujibur

EDITOR'S NOTEBOOK

Rahman is not a revolutionary or extreme leftist. He believed in liberal democracy. The Ayub regime which was similar to the discredited Government of Abboud in Sudan did not allow this Article by Foreign Editor of *El-Sahafa* (April 15), Sudan.

The fact that the Central Pakistani authorities began to implement what they had threatened to do, i.e. to reimpose military rule, because of the failure of political parties to agree on the wording of the constitution which would organise political life in Pakistan, indicates that the Pakistani military authorities were not serious about giving up their rule. *Al Thawra* (March 27), Syria.

The fact remains that what Sheikh Mujibur Rahman wanted through constitutional and democratic means, Yahya Khan has destroyed with his army. Both Yahya Khan and Mujibur will be no more, but coming generations will not forgive those who are responsible for killings of brother by brother and killing, with that, all the values for which Pakistan came into being. —*Akhbar Al Kuwait* (April 10), Kuwait.

At first glance, it may seem that West Pakistan may suppress the East by its guns and cannons. But sooner or later East Pakistan will obtain its rights.—*Gumhuriyet* (May 29), Turkey.

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In Hongkong I met a rather energetic business man from Beirut who complained: "Why should you Indians worry about export markets? You have a continental market". This was, of course, sarcasm as he was on his way to the Canton Fair held by a country which had a larger continental market than ours. I asked him what goods he wanted to buy from India. His reply was immediate: "Watch bands, pocket knives, buttons, toys, plastic goods, handkerchiefs and fountain pens". I asked him about his specific difficulty. He said: "When the bulk order was given Indian exporters invariably developed cold feet in respect of delivery dates". And then pointing his hand towards China which is only a few miles away from Hongkong he said: "With China you can do business with delight. They are extremely competitive. They will give you handkerchiefs of 16"×16" at 4sh 6d (about Rs 4) a dozen c.i.f Beirut. You may accuse them of imitating Americans in the manufacture of fountain pens. Their Hiro fountain pens are as good as Sheaffers. You get these excellent pens at the rate of only 32sh (about Rs 29) a dozen c.i.f Beirut. But the most attractive aspect of the Chinese exports is not this throw-away prices but their scrupulous concern for delivery dates". China is normalising her relations with the outside world at breakneck speed. The economic implications of this normalisation to countries such as India are considerable. Unless we are able to create exportable surpluses in a big way in each industrial unit the race with China on the export front might be lost before it begins. It is to this fundamental aspect and not to the surface social-

ism that the Central Government should direct all its energies.

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Could you believe that the local telephone call bills of some of our Central Ministers amount to Rs 3,000 per month? According to Mr H. N. Bahuguna, Minister of Communications, this is a fact. The country should be grateful to Mr S. A. Khaja Mohideen MP who asked the Minister of Communications to state the amount paid for local and trunk calls of each of the Central Ministers, from 1st December 1970 to 31st March 1971 in respect of telephones provided at their residences. Mr Bahuguna gave a detailed reply in the Rajya Sabha on May 27 which is an eye-opener to all those who still hope that our leaders will practise what they preach. The Prime Minister who has seven telephones paid Rs 5,845.80 for her local calls. But some other Ministers who had fewer telephones spent more than the Prime Minister on their local telephone calls.

The following is the list of Ministers who spent more than the Prime Minister on local telephone calls during December 1970-March 1971: (I have not referred to trunk call bills which are also quite high.)

	Rs
Mr Karan Singh ...	12,198.00
Mr K. K. Shah ...	12,089.40
Mr L. N. Mishra ...	11,967.00
Mr Y. B. Chavan ...	9,263.20
Mr B. R. Bhagat ...	8,149.40
Mr Mohd Safi Quereshi ...	7,592.40
Mr R. N. Mirdha ...	7,356.20
Mr Jagjivan Ram ...	6,916.00
Mr G. L. Nanda ...	6,737.40
Mr J. N. Pahadia ...	6,066.15

It is interesting that the average of Rs 3,000 per month comes in the case of Mr Karan Singh and Mr K. K. Shah and Rs 2,300 in the case of Mr Chavan. As against this, Mr K. L. Rao spent only Rs 125 per month during this period. This means, if there is the will the local telephone calls expenditure of the Ministers could be brought under control. Three observations should be made about this rotten state of affairs. First, some of our socialist Ministers have been spending on local telephone calls every month as much as the monthly salary of a senior executive in public or private sector. Secondly, the Ministers' nominal salaries have no relation to their actual expenditure of public funds. And thirdly, there does not seem to be any budgetary control or voluntary ceiling or a sense of shame in squandering public money like water. I wish some enterprising lawyer files a suit in the Supreme Court for getting justice against discrimination in taxation on perquisites of ordinary citizens on the one hand and Ministers on the other. If legal redress or constitutional means are not available to put an end to this nauseating state of affairs, the society should prepare itself for violent upheaval. In such a situation even violence is preferable to our helplessness in preventing the reckless extravagance of the new ruling class.

MARKET GOSSIP

Market borrowings

WITH the rise in the Bank rate this year there are expectations in the market that the interest rate on Government loans to be floated in the first week of July will go up. The 4.5 per cent loan 1971 with an outstanding balance of Rs 332.10 crores will mature on July 1. The Budget estimates for the current year take credit for Rs 500 crores on account of new market loans to be floated. The net receipts under the market loans are estimated at Rs 167.90 crores. Last year the Government had floated two loans—5.5 per cent loan 2,000 and 4.5 per cent loan 1977. The central borrowing programme was in two stages in April and October and the Government collected Rs 427.59 crores. With repayments at Rs 291.30 crores, net receipts from the market loans last year were estimated at Rs 136.29 crores. Though this year the loans may be offered at par, the interest rate is expected to go up by 0.25 per cent on the 30-year loan as also the seven-year loan to be floated. There are expectations that a medium-dated loan may be floated. In contrast to the practice for some years past, the entire borrowing programme of the Centre may be completed in one stage itself. This should not be surprising as the flow of funds in the banks is somewhat better than last year. □

For whose benefit?

AT least three banks have already announced the launching of the insurance-linked savings bank deposit scheme. The benefit of this scheme will be available to depositors who keep at all times a minimum balance of Rs 500 in the rural areas and Rs 1,000 in urban areas. The maximum life insurance cover will be Rs 10,000 for those in the age group of 18 and 40 and Rs 5,000 for those between 41 and 49. In the event of death of the account-holder, his nominee would get in addition to the deposited amount a sum equivalent to twice the average amount of the deposit in the half-yearly accounting period preceding the date of death if the account-holder was aged up to 40 years, or a sum equivalent to the average amount of deposit if the account-holder was aged between 41 and 49 at the time of death.

Whether this scheme will be a success or not remains to be seen. But some interesting questions about the scheme itself have been raised in some quarters. Did it not require the clearance of Reserve Bank and, if so, has it been given? The scheme is expected to cost the banks 1.25 per cent of the deposit per annum. In other words, this will be the additional inducement which the banks will be giving to the savings account-holders. Is this not a violation of the Reserve Bank directive about the maximum interest rates that banks can pay to depositors? To this, a reply given is that such deposits of Rs 1,000 and Rs 500 will in effect be fixed deposits with the banks on which they would have had to pay a rate of interest of 6 per cent. Even if it is granted that the cost of these deposits is 5.25 per cent, it is still less than the 6 per cent which could be paid under

the Reserve Bank directive for one year deposits. There is, therefore, no violation of the directive and no clearance from the Reserve Bank was needed.

The other question is if the banks can bear a burden of 5.25 per cent on such deposits, why restrict the benefit to only a restricted category of depositors? As it is, the depositor himself does not benefit. It is only his dependants who stand to gain something. Could you not have a scheme by which all savings account-holders who are willing to keep a balance throughout of Rs 1,000 and Rs 500 be paid an interest of 5 per cent or so since many feel that the saver is not rewarded adequately. That could result in a gain to the banks in the form of more deposits instead of the benefit going to the LIC. Here again, there could be the other argument that those savings account-holders who can keep the minimum balance could as well convert it into fixed deposits and earn even 6 per cent on them. In any case, the scheme has raised an interesting controversy and there are those who argue that the banks themselves could take up insurance work since they would find that the cost is smaller than the 1.25 per cent which they have to bear now. The Reserve Bank should come out with an unambiguous guideline. □

Bonus issue guidelines

SOME further clarification is now available of the modifications of the guidelines on bonus issues which were announced by the Controller of Capital Issues recently. As a result of the revised guidelines, companies proposing to issue bonus shares are required to retain residual reserves of the order of 33½ per cent of the increased capital. The original limit was 20 per cent. The rationale behind this amendment is that the shareholders also should get some money, and part of the reserves should be available for future distribution. Though development rebate will be taken into account in computing the residual reserve, it will not be available for distribution unless it is secured that is after a period of eight years. It will also be included in the profit before tax for the purpose of calculating 8 per cent return on the expanded capital base. □

Nervous garment industry

READY-MADE garment manufacturers are passing through some anxious times. The 10 per cent excise levy imposed in the Budget is said to have led to cancellations of numerous orders placed earlier. The Clothing Manufacturers of India, representing 285 units, fears that 10,000 of the 25,000 workers employed in the industry might have to be laid off or retrenched if the present state of uncertainty continues. A shrinkage of the domestic base of the industry, the Association also fears, could deal a big blow to the industry's export efforts. Currently, these exports are of the order of about Rs 11 crores.

The industry finds it difficult to agree with the Finance Minister's statement that

only a few units will be affected by the excise levy. On the contrary, according to industry sources, even the small units which constitute nearly 90 per cent of the manufacturers will be hit because they use power and sell their products under registered brands to stand competition from the bigger manufacturers. The total duty payable on a shirt costing Rs 16 would be Rs 5.15 including Central sales tax, State sales tax and local taxes. In the case of a Terylene shirt costing Rs 35, the total taxes payable are Rs 18.68. The industry argues that it would be difficult to pass all the burden to the consumer with the result that the profitability of the industry, which is already low, would be cut further. It still hopes that the Finance Minister would reconsider his decision. □

Drift in sugar

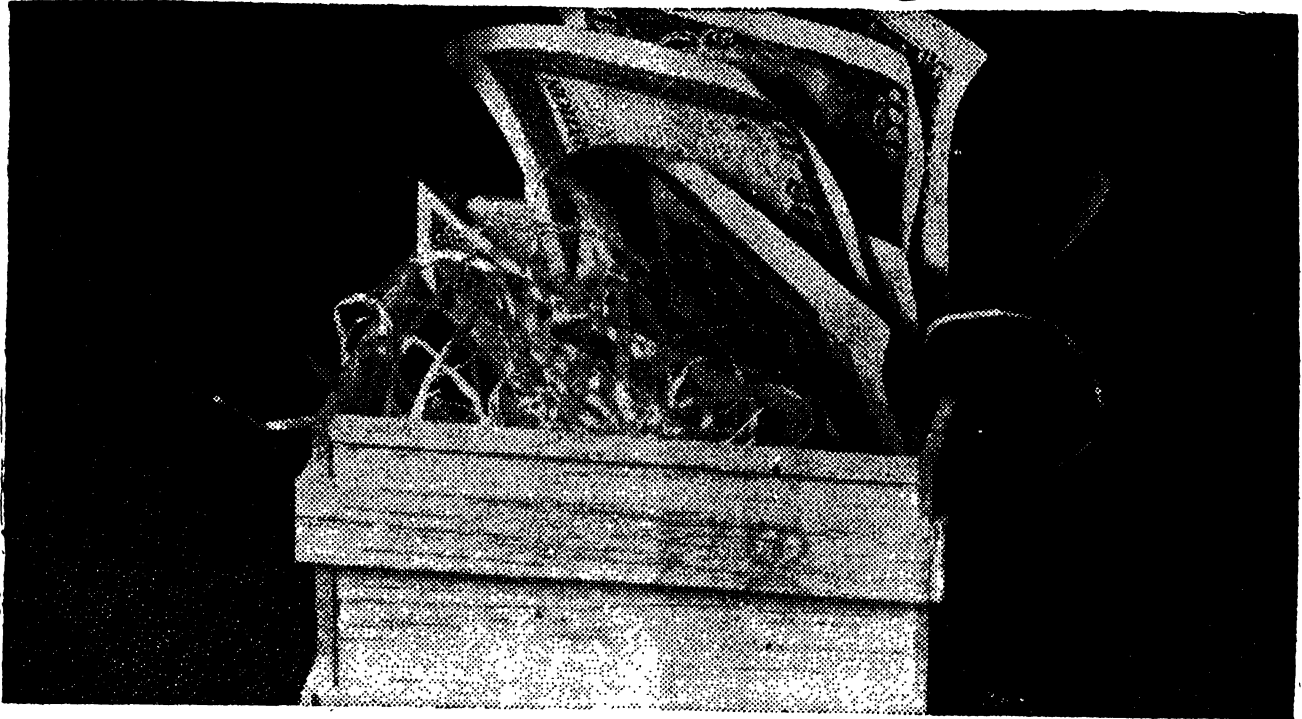
THE consumer had expected that after the decontrol of sugar on May 25 he would have to pay less for this daily necessity than during the control period. The first two weeks after the decontrol have proved him right. In the Bombay market, there has been a substantial fall of Rs 12 per quintal during this period. In Delhi, the fall has been even bigger and at Rs 185 to Rs 189 per quintal this week the decline recorded was of Rs 20 to Rs 24. Similarly, Kanpur and Patna markets have registered a fall of Rs 16 per quintal. Even in the Madras market where sugar prices were ruling at the lower level of Rs 180 to Rs 182 before the decontrol there has been a fall of Rs 3. What is significant is that there has been a reversal of the uptrend in sugar prices that had been noticed before the announcement of sugar decontrol.

However, this does not necessarily mean that households are spending less on sugar. Before the decontrol, in such rationed areas as Bombay, cardholders were getting sugar at Rs 1.62 per kg. Now, there is no sugar to be obtained from ration shops, and the entire needs have to be met from the open market. It is still not clear as to what happened to the sugar stocks which were bought by the Government at the levy prices to be distributed through the ration shops. The behaviour of the sugar market has also had its impact on the prices of *khandsari*. In Delhi, they showed a decline of Rs 20 at Rs 155 to Rs 170 and in Muzaffarnagar of Rs 8 at Rs 130 to Rs 170 per quintal. □

Daring silver purchases

DESPITE all the vigilance exercised by customs and other authorities it is known that silver continues to be smuggled out of the country. So, reports that the smugglers are active and are buying large quantities of silver in our markets need not surprise anyone. But what has reportedly taken aback even the trade is that now purchases are being made of full bars of 30 kg, and not of 1 kg as in the past. Transport of heavy bars seems to be no longer a problem with smugglers. Have they become bolder or has the government machinery slackened, the trade would seem to wonder. □

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SURVEY

STATUS QUO IN INSURANCE

IT is doubtful whether the rising expectations of the common man are going to be satisfied soon in his new role as a policy-holder of government-managed insurance companies. Though complete nationalisation is going to take a long time, taking over of the management by the Government should make some difference. To all appearances, the first step towards nationalisation has made no change either to the employee or to the insured.

The custodians have been asked to maintain the *status quo* as far as possible. Any initiative on their part is not welcome and any queries by them take a long time to result into a satisfactory reply. The guidelines given to them are vague and few and are negative in character. No new investments, no promotions, no sale of property, no change in the terms of service are now anticipated even if these had been routine matters in the past. While custodians are asked to run their set-ups economically, we get the curious situations where expatriate staff continue to get fabulous salaries and perquisites which they are not going to get in their own countries and for some of these there are no sanctions from their respective head offices.

The man in the street is certainly going to ask whether he should not anticipate a reduction in the premiums now. If some of the companies were not very well run and if some of the expenses were not properly incurred in the past, as alleged by critics of the private sector, there must be some saving now which should ultimately result in better service or lower premiums. Obviously, any rush to get economies of large scale by forced amalgamations of units is bound to result in less efficiency, increased confusion and dissatisfaction and more expensive insurance to the common man. It will be best to let the existing units function as before and make them more specialised in the long run. The various companies might be made complementary in the mofussil centres and competitive in the large centres.

There appear to be some second thoughts on the concept of four corporations with four headquarters in different centres of India. Bombay, being the insurance capital of this country, would justify two corporations writing business direct and a third one for reinsurance business. The idea is that the existing expertise and organisation which have won international praise should not be dissipated by seeking to arrive at the lowest common denominator. There is some justification for the companies in the public sector having their headquarters in New Delhi; this should cover the general insurance department of the LIC and the Indian Guarantee.

General insurance has been nationalised in the United Arab Republic, but the existing units continue to compete and

keep up their independent contacts abroad for reinsurance. Similarly reinsurance has also been nationalised but direct writing companies compete with the reinsurance company in matters of reinsurance also. This would be a good example to follow if quick service to the policy-holder is the ideal. From this point of view, the least painful part would be to treat the nationalised insurance companies on the same basis as the nationalised banks. The recent spate of banking frauds is a good indication of the shape of things to come. Control at all levels is possible only if there is a separate full-time and active custodian for each company as is the case with the banks. It takes years to build up a good organisation and it is easy to let it slide down if the custodian is too busy, too conservative or just too old. □

MORE NON-PROJECT AID ?

INDIA has asked the Aid-India Consortium for assistance to the tune of Rs 825 crores to Rs 900 crores for the current financial year. It is not enough that the pledges the members of the consortium are expected to make at their meeting in Paris next week should equal India's requirements. It is equally essential that they fulfil their commitments. Aid disbursements during the past three years had fallen short of the pledges. For instance, total aid receipts in 1970-71 were Rs 614 crores, although the consortium had assured India of a larger volume of assistance. The shortfall was particularly large in regard to non-project aid which amounted to Rs 356 crores as against the target of Rs 525 crores.

An idea of the extent of decline in the level of aid can be had from the fact that while the Fourth Plan has assumed assistance of the order of Rs 3,750 crores (excluding food aid), the total aid received during the first two years of the Plan was about Rs 1,240 crores leaving a gap of over Rs 2,500 crores. In other words the leeway can be made up only if the inflow of aid is stepped up to around Rs 830 crores annually during the remaining years of the Plan. It is true that the actual contribution of external assistance to the financing of development activity has been steadily going down. During the Fourth Plan it is estimated that the net inflow of external resources will meet only 8 per cent of the aggregate investment expenditure in the economy against 20 per cent in the Second and Third Plan periods and 13 per cent in 1969-70.

If so, it could be asked why India should seek a higher level of aid disbursements during this year. First, the steady decline in the share of net external financing investment is largely the result of India's reduced dependence on food aid, thanks to the marked improvement in the agricultural situation. Secondly, as investments increase, even a smaller proportion of 8 per cent of aid will necessarily be higher in absolute terms. Thirdly, during the current year debt service charges will

reach the peak level of Rs 458 crores and for many years to come these charges may be only marginally lower than this figure. Fourthly, the liberalisation of imports of steel, maintenance equipment and essential raw materials in order to stimulate industrial production will push up India's import bill. Her imports which went up from Rs 1,582 crores in 1969-70 to Rs 1,628 crores in 1970-71 (a rise of about 5 per cent) are expected to increase by a further 5 per cent in the current year. Finally, since aid commitments in the past few years had lagged behind even the declining levels of aid utilisation, assistance in the pipeline has been shrinking. During 1970-71 it came down from Rs 1,872 crores to Rs 1,715 crores. India's case for more aid than in the previous years, therefore, rests on firm grounds. □

SMOOTH & REGULAR FLIGHTS?

IT would be premature to conclude from the settlement arrived at by the Indian Airlines management and the Air Corporation Employees Union last week that henceforth all would be well with air travel in this country. The accord covers 8,000 employees leaving 6,000 with whom negotiations on their demands have yet to be concluded. They include the pilots, engineers and technicians. Unless agreement is reached with each of these groups of employees, it would be hoping in vain that the inconvenience and harassment caused to passengers by frequent work stoppages and go-slow would be things of the past. It is, however, to be hoped that the good sense that the Air Corporation Employees Union has shown in signing an accord with the management will not be transitory and its example will be followed by the other unions. The accord has been made possible by the generous terms offered by the management. Employees drawing a basic salary up to Rs 149 per month will get a minimum increase of Rs 60 by way of special allowance and those drawing Rs 150 and above a minimum of Rs 80. The transport allowance has been raised to Rs 30 in the case of those earning up to Rs 229 and Rs 35 for those drawing more. For its part, the Union has agreed to forgo overtime allowance and not to claim off time in lieu of work put in by the employees on special holidays.

But what is more important is that it has agreed to eschew the agitational approach and adopt constitutional methods to secure its demands. Further, it has accepted the need for rationalisation and consequently conceded the management's right to introduce measures to improve productivity, reduce costs and increase the overall efficiency of the organisation. The agreement will have retrospective effect from April 1, 1969, and will be in force until the end of March 1973. If given a fair trial it may well be the precursor to a new phase of harmonious industrial relations in the Indian Airlines. □

THE ELUSIVE MERGER

It has happened again. There were optimistic statements by Mr George Fernandes, General Secretary of the SSP, and Mr Prem Bhasin, the PSP General Secretary, regarding the prospects of the merger of the two parties. Mr Fernandes announced in Bangalore that the draft for the merger had already been finalised and it was expected to be signed by representatives of the two parties in New Delhi in the next few days. He further stated that the two parties had been able to come to an understanding over language, caste and price policies and there was a complete identity of views on all issues. Mr Prem Bhasin corroborated this. He stated that negotiating teams of the two parties had worked out an agreement on the political line and policies regarding caste, language and backward classes and all that now remained was for the spokesmen of the two parties to sign the agreement. He made it clear that the PSP leaders would be willing to initial the document as soon as their counterparts in the SSP were ready for it.

This gave the impression that the line was now clear for the merger. But soon discordant notes were heard from Mr Raj Narain and Mr Karpoori Thakur. Mr Raj Narain stated publicly that there could be no merger unless the PSP subscribed to his party's political line of anti-Congressism. He questioned the credentials of the team headed by Mr Fernandes which conducted the negotiations on behalf of the SSP. Mr Karpoori Thakur also stated in Patna that the PSP leaders should withdraw their support to the ruling united fronts in Bihar, West Bengal and Kerala to facilitate the merger of the two parties at the earliest. Mr Prem Bhasin has expressed surprise at what he calls to be the new conditions for merger announced by the SSP leader, Mr Raj Narain.

These confusing statements have brought to the forefront once again the obstacles on the path of the merger. The PSP and SSP leaders have not yet acquired sufficient self-confidence to launch a party on a distinctive programme and policy of its own. Because of historical reasons the two sides are obsessed with the question of the attitude to be adopted towards the Congress (R) by the new party. There are practical difficulties also. The PSP is a party to the Congress (R)-backed coalitions in West Bengal and Kerala and has supported the Congress (R) in toppling the SSP-led Bihar ministry. In a number of States the PSP and the SSP are on the opposite side of the dividing line. Before or after the merger the new party would be faced with the question of choosing the side in these States. It is therefore much better that these points are cleared before the merger takes place. The other course would be to get out of all united fronts and act independently in the legislatures. This might help in attracting other like-minded persons to the flag of the new party, and in course of time it might become a sizable force. If this is the line to be adopted that also should be made clear before the merger takes place. Otherwise, there will be continuous re-creation within the new party and the public would remain as confused as ever regarding what these parties want. □

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	May 22, 1971	May 15, 1971	Apr 24, 1971	May 23, 1970	Over a week ago.	Over a month ago	Over a year ago	Over two years ago
Food articles	204.0	203.2	201.2	201.1	0.4	1.4	-0.04	5.5
Industrial raw materials..	185.9	185.4	186.6	198.8	0.3	-0.4	-6.5	4.9
Manufactures	161.9	162.0	162.0	160.0	-0.1	-0.4	7.9	16.0
All Commodities	182.0	181.7	181.3	179.8	0.2	0.4	1.2	7.8

Money and Banking

(Rs crores)

	May 28, 1971	A week ago	A month ago	A year ago	Percentage variation		
		May 21, 1971	Apr. 30, 1971	May 29, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply ..	7,349 (a)	7,357	7,299	6,601	-0.1	0.7	11.3
Bank credit ..	4,688	4,705	4,659	4,142	-0.4	0.6	13.2
Bank deposits ..	6,080	6,051	5,972	5,163	0.5	1.8	17.8
Credit/deposit ratio.	77.10	77.75	78.02	80.24	..	..	..
Foreign exchange reserves ..	782 (a)	785 (a)	774 (c)	845	-0.4	-1.0	-7.5

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/ Index			
Industrial production (seasonally adjusted) ..	1960=100	Jan. 71	182.3	181.7	3.3	0.4
Exports ..	Rs crores	Mar. 71	136	101	-34.7	8.0
Imports ..	Rs crores	Mar. 71	139	161	-7.9	15.8
Trade balance ..	Rs crores	Mar. 71	-3	-50	..	..
Foreign exchange reserves ..	Rs crores	end May 71	782 (c)	774	1.0	-3.3
Cost of living index ..	1960=100	Mar. 71	184	184	..	3.6

ANNUAL INDICATORS

	Unit	1970-71	1969-70	1968-69	Percentage variation in 1970-71 over 1969-70	Annual rate of growth between 1968-69 and 1970-71
National income at 1960-61 prices ..	1960-61=100	142.5 (a)	135.1	119.7	5.5	3.0
Per capita income at 1960-61 prices ..	1960-61=100	114.1 (a)	110.8	109.6	3.0	0.7
Agricultural production..	1949-50=100	177.6 (a)	169.9	159.4	4.5	1.8
Foodgrains production ..	Million Tonnes	104.5 (a)	99.5	89.0	5.0	2.7
Industrial production ..	1960=100	179.0 (a)	174.9	144.8	2.3	3.6
Exports ..	Rs crores	1,531	1,413	1,286 (b)	8.4	3.0
Imports ..	Rs crores	1,651	1,567	2,126 (b)	5.4	-4.1
Trade balance ..	Rs crores	-120	-154	-840 (b)	..	..
Foreign exchange reserves (year end) ..	Rs crores	732	821	893	-10.8	10.0
Money supply (average) ..	Rs crores	6,726	6,009	3,866	11.9	9.7
Bank credit (average) ..	Rs crores	4,328	3,583	1,808	20.8	15.7
Bank deposits (average) ..	Rs crores	5,517	4,731	2,467	16.6	14.4
Wholesale prices (average)	1961-62=100	181.2	171.6	122.3	5.6	6.8
Cost of living index —working class ..	1960=100	187	177	129	5.7	6.4

Notes:

- Estimated by Commerce Research Bureau.
- At post-devaluation rate.
- While estimating foreign exchange reserves, SDRs transactions that might have taken place on April 30, 1971 have not been taken into account.
- The figures indicate percentage change during the current calendar year upto the month indicated as compared to corresponding period in the preceding calendar year.

THE WEEK

THE Union Finance Minister, Mr Y. B. Chavan, announced in the Lok Sabha on June 10 the withdrawal of the levy on maida and of additional excise on coarse cloth, which he had proposed in the Budget. He, however, refused to reduce or withdraw the increased excise on motor spirit, adding that he would rather prefer to give a rise in fare to taxis and autorickshaws. The concessions will cost the exchequer Rs 7.4 crores and raise the uncovered deficit during the current year to Rs 227.4 crores. The 10 paise levy on maida per kg was meant to finance the Government's health and nutrition programme for children. Mr Chavan made it clear that this programme would not be curtailed. The relief granted to coarse cloth will restore the level of excise duty to 3.4 paise per metre from 4 paise.

In its report to the Aid India Consortium, the World Bank has recommended a total aid of \$1,250 million (Rs 937.50 crores) for 1971-72. Of the total aid, the Bank has suggested \$500 million as project aid, \$650 million as non-project aid and \$100 million as food aid. The Consortium is meeting in Paris on June 17 and 18 when this report will be considered.

The Union Cabinet is reported to have cleared on June 9 the Rs 40-crore fertiliser project of Dharamsi Morarji and Co in the Konkan region of Maharashtra. Apart from ammonia, the firm will also be allowed to import its requirements of sulphur and raw phosphate. The firm was given a letter of intent two years ago and its validity period was extended more than once owing to the delay in finalisation of the prices of ammonia to be imported as feed stock.

The Oil and Natural Gas Commission has decided to undertake exploratory drilling in the Kutch region of Gujarat. Drilling in three locations is expected to start in the later part of this year. This is the first time exploration drilling for oil and gas is being undertaken in Kutch. So far, drilling in Gujarat has been confined to the Cambay basin.

The first nylon tyre cord unit of India commenced production in Bombay on June 5. The plant has been set up by Nirlon Synthetic Fibres and Chemicals Ltd. (See also *Business Report*).

The strike by the employees of Andhra Pradesh Government was called off after 56 days on June 6 following an agreement between the Government and the employees. Accordingly, all discharged employees will be reinstated. The employees will not get wages for the period of strike. But the Government will grant an advance equivalent to one month's salary.

Mr S. Chakravarty, Director of the Delhi School of Economics, and Dr B. S. Minhas of the Indian Statistical Institute of Calcutta, have been reportedly chosen as Members of the Planning Commission. No official announcement has yet been made.

A full bench of the Kerala High Court held by a majority of two to one parts of the Kerala Land Reforms (Amendment) Act unconstitutional. The parts which were held unconstitutional were those that con-

ferred tenancy rights on certain types of mortgaged lands.

The Union Government is reported to have decided to disperse 900,000 refugees of Bangla Desh from West Bengal to neighbouring States. Meanwhile, cholera has broken out in epidemic proportions among the refugees, causing over 1,500 deaths, according to official sources. The refugee influx till the week-end is placed at 5.5 million (See also *editorial*).

The CPM bagged two of the three West Bengal Assembly seats for which by-elections were held on June 6. One seat went to the Congress (R).

The Bangla Congress split on June 6 following a walk-out by Mr Sushil Dhara, General Secretary, and his 10 supporters from the executive meeting in Calcutta. The Dhara group has constituted a new State committee with Mr Purnendu Khan as President.

Pakistan demonetised Rs 500 and Rs 100 notes on June 7. According to an ordinance issued by the Chief Martial Law Administration, currency notes bearing the inscriptions "Jai Bangla", "Bangla Desh" or "Dacca" have also been demonetised. The Reserve Bank of India subsequently ordered commercial banks in the eastern region to stop accepting the demonetised Rs 100 and Rs 500 notes from East Bengal refugees.

Argentina devalued the peso on June 7 changing its parity from 4.12 pesos to 4.20 pesos to a US dollar.

Britain and six Common Market countries reached an agreement on the pound sterling on June 7, the Six accepting as "satisfactory" the British declaration of intent on the future role of sterling.

The United States virtually scrapped on June 10 the 21-year-old embargo on trade with China. A broad range of American products, including automobiles, some industrial equipment, fertiliser, selected chemicals and most consumer goods, can now be sold to China.

The Soviet Union launched Soyuz-11 on June 6 for another link-up with the Salyut space station. The three astronauts

on board transhipped themselves to the unmanned space station on June 7 marking a major breakthrough in space travel.

In Parliament

The Rajya Sabha passed the General Insurance (Emergency Provisions) Bill on June 7. Earlier, the Lok Sabha had also passed this Bill replacing the Presidential Ordinance.

The Finance Minister, Mr Y. B. Chavan, told the Rajya Sabha on June 8 that the leakage of foreign exchange due to over-invoicing and under-invoicing of imports and exports was estimated at Rs 50 to Rs 70 crores a year.

Mr R. N. Mirdha, Minister of State for Home Affairs, stated in the Rajya Sabha on June 9 that a bill for setting up the institution of Lokpal and Lokayuktas will be reintroduced shortly in the Lok Sabha.

Money steady

Conditions were unchanged in the Bombay short-term money market as of Wednesday. Demand for funds was maintained but the supply of credit was short of requirements and there were borrowers over at the close. In the inter-bank call section, both renewals and fresh money were reported at 4½ per cent. In the Calcutta market, the rate ruled at 4½ per cent. In view of the strike by the Reserve Bank clerks in protest against the bank's promotion policy, clearing house operations in Madras were suspended as of Wednesday.

Price index steady

During the week ended May 22, 1971, the Index Number of Wholesale Prices recorded a marginal rise of 0.2 per cent to 182.0. At this level, the index was 1.2 per cent above its level a year ago.

PEOPLE

MR Tej Kumar Sethi has been elected Chairman of the Indian Cotton Mills' Federation for 1971-72.

Mr Lala Bansi Dhar has been elected President of the Indian Sugar Mills' Association for 1971-72.

Mr J. Stevens has been elected President of the Indian Paint Association for 1971.

50 years ago

The "anti-diamond conference" held by ladies in Bombay, is a sign of the times. We live in an age of agitation and of political propaganda; each community, small or large, is bent upon airing its own peculiar fads and fancies; most individuals have suddenly discovered that they have an axe to grind; the world has been galvanised by the war into a condition of excitability, of turbulence, restlessness and impatience; in Russia they call it Bolshevism; in India Gandhism; various descriptions and reasons are assigned to it in other lands; but we shall probably not be wide of the mark if we describe it as a world-wide phenomenon, a passing paroxysm common

to almost every part of the universe, the effects of a protracted, devastating war upon the nervous susceptibilities of the people. Add to which there is, of course, that altruistic aspiration towards better things, another aftermath of the war, the achievements of which have, so far, been most disappointing, thus aggravating the general sense of unrest and of discontent. The action of the Bombay ladies is interesting in respect—it indicates that Oriental women, unaccustomed though they be to public life, and fettered as most of them are by old-time traditions, even they have come within the influence of the modern craze for innovation.

COMMERCE

June 11, 1921



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REPORT

THE NATION

From Our Own Correspondents

BANGLA DESH REFUGEES

SOS from West Bengal

NEW DELHI.

THE Central Government is left with no alternative but to move a large number of Bangla Desh refugees from West Bengal to other States. Panicked by the unending influx of refugees—the bulk of the 4.5 million who have so far trekked their way to the safety of the Indian border areas have come to West Bengal—the State Government sent an SOS to the Centre to relieve it of the burden of running the evacuee camps. Apart from the enormity of this task the explosive situation created by the refugees spreading out to other parts of the State had specially unnerved it. A human wave is threatening to engulf Calcutta and its environs which might lead to a grave law and order situation.

To cap this all, cholera is taking a heavy toll of refugee lives. The West Bengal Health Minister has put the number of deaths at over 3,200 but unofficial estimates place it at around 5,000. The disease has been carried by the refugees from their homes or contracted on their way to India for there is enough evidence that a cholera epidemic is raging in East Bengal. Pestilence and famine are stalking that land. As more of the stricken refugees are reaching the border daily the Indian authorities have been compelled to seal off the area between Karimpur and Shikarpur in the Nadia district of West Bengal where the influx has been the heaviest. Both from the point of view of maintaining law and order and preventing the spread of cholera to other parts of West Bengal it has become necessary to isolate the refugees as well as send them out to other States.

In response to the distress call from the West Bengal Government, the Prime Minister went to Calcutta last Saturday and agreed to its demand for dispersing the refugees. However, in regard to those who will be kept in West Bengal, the State Government has been asked to set up its own machinery for running the refugee camps which might be taken over by the Centre later.

Following the decision to move as many of the refugees as possible to other States—and quite a number of them will also be shifted from Tripura, Assam and Meghalaya—the Centre is putting up the machinery or undertaking this massive operation. Six States—Bihar, Orissa, Madhya Pradesh, Andhra Pradesh, UP and Maharashtra—have agreed to accommodate some of the refugees, and officials of the Home and Rehabilitation Ministries and the Railway Board are busy working out the logistics of the refugee movement. No decision has so far been taken on the actual number to be moved out of the eastern States but so far as West Bengal is concerned the plan appears to be to despatch about 5,000 by train daily and more if the

huge C130 aircraft which the US is willing to place at India's disposal can be pressed into service. One of these aircraft has already arrived in the country for proving operations. If the technical feasibility of employing these planes for refugee airlift is proved, they will be used first for moving the refugees from Tripura and then from other places.

Meanwhile, the international community has bestirred itself into helping India to fight the cholera epidemic and provide succour to the helpless refugees. Plane loads of medical supplies especially cholera vaccine and saline water, baby food, mess kit for food distribution and tents have begun arriving in the country. This will relieve to some extent the heavy burden imposed on India by the influx of refugees and the outbreak of epidemics among them. But ultimately the solution to the gigantic problems she is facing lies in the return of the refugees to their homes in Bangla Desh. It is not enough that conditions of

security are created there with the help of international agencies. Even then the refugees will refuse to go.

The international community will be deluding itself if it believes that if Yahya Khan can be forced into reaching some kind of a political settlement in Bangla Desh, the return of the refugees will be facilitated. In fact, the Western powers are using the lever of aid to force his hands. But so far as the people of Bangla Desh are concerned a political settlement can come only after a total withdrawal of the West Pakistani armed forces. Then only the refugees can be encouraged to return to their homes. The alienation of East Bengal from West Pakistan is so complete that it would be naive on the part of the international community to believe that anything short of autonomy for Bangla Desh can form the basis of a settlement. Mr Swaran Singh's mission to some of the important world capitals is to awaken the major powers to the realities of the situation in Bangla Desh and their repercussions on India. If he succeeds in putting them wise and persuading them to act according to their best lights the sub-continent will be spared much turmoil. □

Costlier houses for the needy

BOMBAY.

CO-OPERATIVE housing was never a cheap affair. But if it did catch the imagination particularly of the middle class in Bombay and other urban centres it was because of the acute shortage of accommodation and the consequent high rents (and in many cases the payment of *pugree*). The growth of co-operative housing societies was also stated by those in authority to be an important social objective of the Government to help the middle class and the Maharashtra Government created the agency of the Maharashtra Co-operative Housing Finance Society to provide to the co-operative societies finance for the construction of tenements. It was the possibility of getting loans to the extent of 50 per cent of the cost of tenement from the housing finance society that was the great inducement for joining a co-operative society to those in need of accommodation. This they did even when calculations would show that in the end a flat of say Rs 30,000 would cost Rs 40,000 and even more because of the interest to be paid on the loan borrowed from the finance society. And this interest rate will now go up, thanks to the decision of the Life Insurance Corporation that it must get a higher return on the money it advances to the housing finance societies.

In November last year the LIC sanctioned a sum of Rs 5 crores to the Maharashtra Co-operative Housing Finance Society but raised its rate of interest from 6-1/4 per cent to 7-1/4 per cent per annum.

The Finance Society objected since its borrowings are guaranteed by the State Government and the Reserve Bank has

stipulated that loans carrying State Government guarantees should not bear an interest of more than 7 per cent. The LIC relented somewhat and released Rs 2 crores on an interest of 7 per cent, but made it clear that it would not release the balance of Rs 3 crores unless the issue of the rate of interest was resolved. Apparently, the matter went to the Finance Ministry in New Delhi and the LIC has now agreed to advance the loans to the Housing Finance Society at 7 per cent but subject to the condition that the loanee society members go in for group life insurance.

Dependent as the Housing Finance Society is on the LIC for its funds, it had little choice before it and has had to accept the LIC's stipulation but in the process loans for the co-operative housing societies have become costlier. They have been informed by the Housing Finance Society that they will be charged an interest of 9 per cent per annum with half per cent rebate for prompt and punctual repayment. This includes a rate of one per cent to cover the expenditure on account of the premiums to be paid for the group life insurance scheme.

The LIC may be right in pointing out that in the UK too group insurance is insisted upon so as to obviate the need of recovering the loan from a bereaved family in the event of death of a borrower. Insurance has this benefit. It is also possible that the Housing Finance Society has followed the rule of the thumb in fixing an interest of one per cent and that if the actual cost on account of premiums is taken into account, the rise in the inte-

rest should have been of the order of only 0.5 per cent to 0.75 per cent. But in the absence of detailed statistics about the age groups of the various loanee-societies, it is difficult to come to the conclusion that the Housing Finance Society is charging more than what it should. But all this cannot bring comfort to the middle class members of the co-operative housing societies

who over the years have been harassed by the rising costs of living and will have to pay something extra on so many necessities after the recent Budget. The Bombay Co-operative Housing Federation is justifiably agitated that the LIC should be seeking to make costlier a scheme intended for the benefit of moderate income groups.

Starting with the peak demand of 11.3 million kw as recorded in 1970-71 and allowing for the future growth of 12.5 per cent per annum, the ten-year plan envisages a peak demand of 36.7 million kw in 1980-81. The regional break-up is presented in Table 2.

Table 2: Region-wise peak demand 1970-71 and 1980-81

Region	1970-71 (actual)	1980-81 (projections)	Average annual rate of increase between 1970-71 and 1980-81
Utilities only*			
Northern ..	2.810	10.450	14.0
Western ..	2.670	8.300	12.0
Southern ..	2.900	9.000	12.0
Eastern ..	1.880	7.000	14.0
North-eastern ..	0.086	0.550	20.4
Total ..	10.346	35.300	13.1
Total including non-utilities ..	11.258	38.700	12.5

* Utilities—Generating capacity used for selling power to all outsiders.

Non-utilities—Generating capacity used for self-use only.

The annual rate of growth of demand in various regions is somewhat different from the national average. It has been assumed that as in the past decade, the rate of growth of demand in the Northern Region would continue to be slightly higher than the national average. As regards the Eastern Region (which includes not only West Bengal but some less-developed States like Bihar and Orissa), the per capita consumption is considerably lower than the national average. The Ministry has, therefore, rightly assumed that deliberate measures would be taken to remove the imbalance by initiating a relatively faster development in this region. The same reasoning applies still more forcefully to the North-eastern Region (Assam).

The target figure of 36.7 million kw mention in Table 2 relates to the peak load demand. In order to satisfy this, the installed capacity would have to be of the order of 48 million kw. Adding up the region-wise figures, the Ministry got a slightly higher all-India total of 50.4 million kw for utilities and 52 million kw inclusive of non-utilities.

The next step was to add up the capacities of all the existing electricity generating stations and add further the capacities of all the power schemes which are under construction. Deducting the total of these two from the target figure of 50.4 million kw, the Ministry has derived the estimate of 24.6 million kw for the additional capacity to be provided by the new schemes to be taken up hereafter. The region-wise estimates and other details are presented in Table 3.

Of the total capacity of 50.4 million kw (utilities only) 22.3 million kw would be hydro-power, 23.9 million kw would be thermal power and 4.2 million kw nuclear power. In the ten-year plan, there are proposals for the expansion of all the three nuclear power stations which are operating now (Tarapur) or are under construction (Rana Pratap Sagar and Kalpakkam). Besides, there are proposals for three new

Power development plan: 1971-81

By Commerce Research Bureau

THE absolute increase in electricity generation and consumption in India since independence has undoubtedly been very impressive. From 6.6 billion kw in 1950-51, electricity generation reached 51.7 billion kw in 1968-69—just before the launching of the Fourth Five-Year Plan. This implies more than seven-fold increase in electricity generation within only 18 years. The average annual rate of increase works out at 12.1 per cent.

Starting with the initial installed generating capacity of 14.3 million kw at the beginning of the Fourth Plan and with the target of 23.1 million kw by the end of the Fourth Plan (after taking into account the retirement of old and obsolete generating units to the extent of about 0.4 million kw), the addition to generating capacity envisaged for the Fourth Plan is of the order of 9.2 million kw. This target implies that the addition to the generating capacity of the country should be of the order of 1.8 million kw every year. Specifically, the target for the first year of the Fourth Plan was fixed at 2 million kw and that for the second year at 1.6 million kw. The actual additions have, however, been much lower at 1.2 million kw and 1.0 million kw respectively. Thus, against the target of 3.6 million kw, the addition to the power capacity during the first two years of the Fourth Plan has been only 2.2 million kw. The achievement is less than two-thirds of the target.

Why this shortfall? A recent analysis of the causes of shortfalls undertaken in the Union Ministry of Irrigation and Power highlights, among others, the following causal factors: (i) Delay in the completion of civil works; (ii) Delay in supply and delivery of the key equipment from indigenous and foreign sources and (iii) Shortage of steel. As a result, power shortages have developed in Punjab, Haryana, Uttar Pradesh, DVC region and Gujarat. According to the assessment of the Ministry, in most of the regions the power shortage is likely to continue during 1971-72 also. A short-term remedy is to goad the State Governments, the State Electricity Boards, suppliers of indigenous equipment and some concerned Union Ministries to take measures to avoid the delays in erection and commissioning of various power projects. This the Union Ministry of Irrigation and Power has been doing with limited success.

At the same time, it is also necessary to keep before the nation a clear picture of the long-term prospects and problems in respect of power. The Ministry has recently tried to do this through an import-

ant document *Power Plan (Generation) for the Decade 1971-81*. The document starts by noting that in 1970-71 India's per capita consumption of electricity worked out at around 90 kw. Although this represents a more than seven-fold increase since independence, this level is very low compared to the levels prevailing in some of the other countries (Table 1).

Table 1: Per capita power consumption in some selected countries—1969

Country	kwh
USA ..	7,013
UK ..	3,700
USSR ..	2,628
France ..	2,408
Yugoslavia ..	1,006
India ..	90*

* Relates to 1970-71.

It is thus obvious that India has yet a long way to go.

Speaking about the future efforts in the field of power, the document rightly stresses: "Power generation schemes involve long gestation periods requiring for completion about five to eight years of active construction—and unless decisions in respect of their implementation are taken well in advance, it would not be possible to commission them according to the needs, and resulting power shortages cannot be removed by any means." Hence, a ten-year perspective is absolutely necessary for planning even current work on power development. The Ministry has, therefore, rendered a signal service to the nation by preparing a ten-year plan and spelling out clearly the implications of the plan with regard to immediate action.

During the decade 1960-61 to 1970-71, the aggregate real national income increased at the average annual rate of 3.6 per cent. On per capita basis, the corresponding figure was only 1.3 per cent. There is a general consensus in this country that this performance should be regarded as disappointing. But even for achieving this modest growth rate, the consumption of power had to be increased at the rate of 12.5 per cent per annum. It follows that even if we decide to eschew any acceleration of our disappointing overall growth rate and merely maintain the tempo of development of the last decade, the generating capacity would have to be increased in the coming years at the rate of at least 12.5 per cent per annum. This is the assumption which the Ministry of Irrigation and power has made for its exercise for the period 1971-81. No one would call it an ambitious programme.

Table 3 : Estimation of the required addition in installed capacity (utilities only)

(Million kw)					
Region	Installed capacity in 1970-71	Additional capacity expected from schemes under construction	Total (1+2)	Installed capacity required by 1980-81	Balance capacity to be added during the decade 1970-71—1980-81 through new schemes (4-3)
	1	2	3	4	5
Northern	3.7	4.1	7.8	14.4	6.6
Western	3.8	1.9	5.7	12.0	6.3
Southern	4.1	3.1	7.2	13.0	5.8
Eastern	3.3	1.4	4.7	10.0	5.3
North-eastern	0.2	0.24	0.44	1.0	0.56
Total	15.1	10.74	25.84	50.4	24.56

nuclear power stations—one each in Northern Region, Western Region and Southern Region. Nuclear power development has been proposed only in those regions which are far away from coalfields and also deficient in hydro-power resources.

On the basis of suggestions from the State Governments, the Ministry has identified a number of projects for inclusion in the ten-year plan and in respect of which detailed designs should therefore be prepared by the State Governments and other organisations. Advance action in many other directions has also been proposed. Needless to add, action along the suggested lines should be taken at the earliest. For, already we are heading towards a power crisis. □

REPORT

THE WORLD

From Our Own Correspondents

The era of flexible exchange rates?

BONN

THE international conference of American Bankers' Association at Munich turned out to be an informal meeting of the "Group of Ten" within the IMF. The American stand on the currency crisis which is still dogging the West European exchange markets was for the first time spelled out by the US Secretary of Treasury, Mr John Connally. The blunt attitude of Mr Connally towards the West European complaints about massive US payments deficits surprised many of the bankers attending the conference. The American insistence on the revaluation of the currencies of the countries flooded with excess dollars was not something new. What was, however, not expected was the fury of the American representatives at the way in which the Germans had floated the mark.

The conference which was convened to discuss the dollar crisis and its future role as a reserve currency was attended by the central bank governors from several countries as well as officials of the international monetary bodies. It provided an opportunity for some pretty hard talking which, no doubt, will give a new impetus to the IMF study of flexibility.

Mr Connally's attack was a clear indication that the Atlanticist era was over and

that basic rethinking on the world monetary problems was inevitable. Mr Connally forcefully contended that the basic US deficit was more than accounted for by overseas defence spending. He made it clear that if it so wished the US could balance its payments without creating domestic unemployment and affecting the growth of foreign trade. However, he was candid in telling the participants that "American people will no longer permit it to become engaged in international actions whose *de facto* long-term interests are not as clearly defined as those of nations with which we are trading". He emphasised that "considerations of friendship, need or capacity will no longer justify that the US carries such a heavy share of the common load". He reminded the West Europeans of the burden shouldered by America in respect of defence of the Western world as well as trade liberalisation by stressing the link between the US balance of payments and its huge overseas spending on defence and development.

According to him, "the disturbances on the surface of the exchange markets were symptomatic of deeper issues of national and international economic policies and that it would be unrealistic to anticipate workable monetary controls for

essentially non-monetary problems". He did not mince words in telling the conference that the question of the US deficit and the Euro-dollar market were not "uniquely American problems".

Mr Paul McCrackan, President Nixon's Chief Economic Adviser, however, sought to assuage the feelings of the 250 participants by emphasising that the US authorities were not showing negligence in regard to other countries' interests. The Nixon Administration was using both fiscal and monetary measures to check inflationary pressures. He also recognised the fact that despite a moderate upswing in the US economic growth and a slowing down of price increases the steps so far taken by Washington had failed to solve the problem of cost inflation.

As far as the criticism from European experts of the US refusal to adjust domestic interest rates to bring them in line with the European rates structure was concerned, Mr McCrackan pointed out that co-ordination of economic policies on both sides of the Atlantic required more than technical decisions on interest rates. While he favoured such co-ordination he felt that it raised complex issues and required a flexible mix of fiscal and monetary policies. He defended the system of parities arguing that it had served as a base for a considerable expansion of world trade in the post-war years.

The US criticism of the floating of the Deutsche mark mainly stemmed from the apprehension that the Germans were using the exchange rate more for domestic reasons than for achieving external stability.

The conference was presented with a strange spectacle of the Germans having taken over from the French the main opposition to the dollar standard. The Vice-President of the Bundesbank, Dr Otmär Emminger, compared the impact of changing US monetary policy on Europe with "being with an elephant in a boat". This invited retaliation from the US Treasury

is sold at bookstalls and
COMMERCE news-stands in 59 important
cities throughout the country.

Under-Secretary, Mr Paul Volcker, who said, "you see the elephant out there in the jungle doing the work with all the other animals barking at its heels and goading it"

The Germans argued that there was nothing unneighbourly in a country floating the exchange rate to prevent its internal money supply from being threatened by unwanted inflows. In the same strain, Mr Wilhelm Hankel, the West German Under-Secretary of the State in the Economics and Finance Ministry, made a plea for measures to reform the present world monetary system. He suggested that the world monetary authorities should take advantage of the respite provided by the floating of the Deutsche mark to evolve "a new order in world payments". Referring to the basic changes in the world monetary system since the 1944 Bretton Woods conference, he pointed out that from a gold-dollar system, there had been a switch to a dollar-dollar system and that the development of the uncontrolled Euro-dollar market estimated at more than \$50,000 million was a mere extension of the dollar-dollar system.

Mr Hankel, however, suggested two possible courses of action. First, a collective floating of European currencies in regard to the dollar as proposed by Mr Karl Schiller, the West German Economics and Finance Minister, which will have the added advantage of helping the move towards a monetary union in the European Economic Community. Secondly, the substitution by SDRs of dollars in the reserves held by the central banks, which would relieve the US of the burden as a world banker, while at the same time releasing the European countries from their present obligation to support the dollar.

Apart from this clash between the Americans and Germans, the conference provided a forum for monetary pressure on the Japanese to revalue the yen and to liberalise trade. Although Mr Kashiwagi, of Japan, argued that the efforts to stabilise the Japanese economy, which began at the end of 1969, had just begun yielding results, the Americans seemed to be keen on persuading the Japanese to revalue the yen. The deliberations at the conference made it clear that the US hopes that a Japanese revaluation would make it much more difficult for the Germans to return to their old party reducing the possibility of any future sterling devaluation and offer the US its best chance of shifting the structure of exchange rates in favour of the dollar. Assurances of Sir Douglas Allen, of the British Treasury, that the British balance of payments position was solid did not carry much conviction since even he did not rule out the danger that the stability of the pound sterling might be jeopardised through inflation. There seemed to be a widespread feeling at the conference that the flexible exchange rates had already arrived and that the real need was for a code of conduct to prevent them being abused. The fear that in the face of a recessionary trend countries with floating rates would be tempted to depreciate their currencies to provide a stimulus to their sagging economies was very real. The heyday of Euro-dollar market is over. Whether it marks a return to the old "beggar-my-neighbour" policy remains to be seen. □

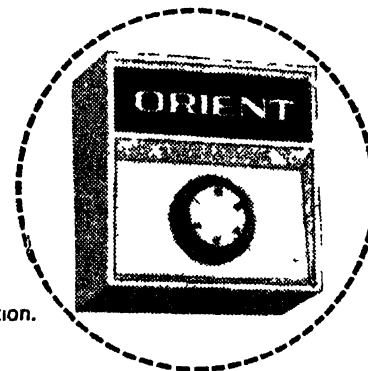


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BUSINESS REPORT

From Our Own Correspondents

The expensive small car

NEW DELHI.

FOR one so new to the treasury benches as Mr Ghanshyam Oza, the ministerial habit of making big promises and exuding undue optimism about their implementation has come surprisingly too soon. While replying to a half hour discussion on the automobile industry in the Lok Sabha last week he said that the Government would license the production of 50,000 cars annually in the private sector "as early as possible" in addition to the public sector small car project with an initial capacity of 50,000 in regard to which a decision about the foreign collaborator would be taken "soon". He shrugged off the acute and persistent shortage of cars as a "transitory difficulty" and was confident that "before 1973-74 we shall be in an easier position". If the experience of the past is any guide, all this is make-believe.

It is gathered that the capacity for producing an additional 50,000 cars in the private sector will be created not by allowing expansion of the existing car manufacturing plants but by licensing a new unit, if not two. The Government's reluctance to permit those already in the field to increase their capacity is understandable for the cars they are producing are becoming dearer while deteriorating in quality year after year. But how can one hope that the cars turned out by the new unit or units will be any different? Everything that has happened so far points to this happening.

Last September letters of intent were issued to Mr Sanjay Gandhi and Mr Madan Mohan Rao for setting up a unit each for manufacturing a car wholly out of indigenous material. Mr Gandhi's letter of intent is for 50,000 cars each priced at Rs 6,693, while that of Mr Rao is for 25,000 each costing about Rs 8,000. The latter appears to be dragging his feet, and therefore, the Government is pinning its hope on the project of Mr Gandhi. Mr Oza apparently thinks that the time is now ripe for issuing a regular licence to him.

But Mr Gandhi himself has sought extension of the period of validity of the letter of intent given to him from six to eighteen months, which shows that he needs more time than he thought was

necessary for doing the groundwork. The extension has been granted and Mr Rao has also been shown the same consideration without his seeking it. Further, Mr Gandhi has sought and obtained the assurance from the Government that in the event of the basic raw materials needed for automobile production being in short supply he would be allowed to import them. He has also indicated to the Government that the price he has quoted will have to be revised upwards.

An important reason for the poor quality of the existing models is that the indigenous components and accessories that go into it are sub-standard. It can, therefore, be easily imagined what the quality of a car produced wholly from indigenous materials will be like. Basic raw materials like steel, whether imported or not, make little difference to the quality of a car. As regards price, Mr Gandhi already feels he has erred on the side of the minimum and in view of the new levies imposed by Mr Chavan on auto parts and other materials that go into car production he is sure to find that any revised cost that he might have worked out before the Budget is also on the low side. By the time his first car rolls out of the assembly lines its cost will certainly go up further.

So far as the public sector small car scheme is concerned, the less store is set by it the better. This decade-old project has a knack of coming into life after spells of oblivion. It has now once again come

to the fore, but as in the past the deadline set for selecting the foreign collaborator has already been extended thrice. A decision on this matter was to have been taken by the Government before the end of last year. The time limit was first extended by a month and then till the end of March this year. Even though two more months have since elapsed, the four foreign models—Ford, Fiat, Mazda and Renault—from which a selection is to be made, are still being tested. In the face of all this, Mr Oza's talk of early decisions and a comfortable car supply position in the next two or three years is naive.

Both Mr Sanjay Gandhi's car and the public sector small car are largely intended for those in the middle income group. But since the prices of these cars are bound to be much more than initially estimated by the sponsors, and their maintenance has been made very expensive by Mr Chavan's unconscionably high taxes on petrol and spare parts, these cars have been placed beyond the reach of this group. So far as the well-to-do are concerned, they would prefer the medium sized cars currently in production. Therefore, is it necessary to have two small car projects each with a capacity of 50,000? The Government having virtually taxed many car owners out of existence, a single project with facilities for expansion should suffice. The resources thus saved can be profitably used for improving the urban transport system which will do more to reduce the hardship of commuters than an abundance of small cars which they cannot afford. Nor would our roads in their present conditions be able to take this heavy traffic of cars. □

ALUMINIUM

Benefits of economies of scale

BOMBAY.

IT is something to be said for the vitality of the aluminium industry that the leading producer in the country, Hindustan Aluminium Corporation (Hindalco), is not discouraged by the Budget proposal to remove the aluminium industry from the priority list. This decision would mean that Hindalco and other aluminium manufacturers would be deprived of the advantage of concessional taxation of profits under which an amount equivalent to 8 per cent of the profits could be deducted from the taxable income. The first reaction to this Budget proposal was that it would hamper the growth of the aluminium industry but at the annual meeting of Hindalco this week, Mr A. V. Birla, who presided in the absence of Mr G. D. Birla, was not prepared to consider that the future of the industry was bleak and, in fact, he described it as "bright". He expected the domestic demand to show a steady increase in the coming years and also drew attention to the export opportunities.

Hindalco, of course, is in the advantageous position that an expansion programme has already been launched which would take the capacity of its plant to 120,000 tonnes by the end of 1973. There are difficulties in the execution of this programme in the form of delay in decisions by the Government of Uttar Pradesh in regard to power supply and transfer of land. Also, Mr Birla complained about the delay at the Central Government level in finalising the foreign exchange financing arrangement for the Company's expansion. But the expansion, if completed according to the schedule, would at least ensure that the company would not be deprived of the development rebate which is to be withdrawn on machinery installed after May 1974. This may not be the case with other companies or new ones that are to come up. Hindalco would appear to reap the benefits of the economies of scale on which it set its eye quite early.

What worried Mr Birla, however, is the decision which the Government took

Hindusthan General Insurance

In the Commerce Research Bureau's study entitled "General Insurance Take-over: Background and Implications" published in *Commerce* dated May 22, 1971, Hindusthan General Insurance Society Ltd was inadvertently omitted in Table 2. Based on 1968 data, the company ranked eighth with net premium income of Rs 1.68 crores accounting for 1.5 per cent of the total for 129 companies. The total assets of this company at the end of 1968 stood at Rs 2.09 crores or 1.1 per cent of the total.

a few weeks before the Budget of fixing the aluminium prices at "grossly uneconomic levels". But he has also pointed out that the Government had fixed the prices of aluminium on the basis of prices of some raw materials prevailing as on April 10, 1970 and had announced that the aluminium prices would be adjusted if there was a rise in those of such raw materials as aluminium fluoride and cryolite. Further, the Government had also shown its willingness to consider an increase in prices if there was any increase in the effective rate of power charged by State electricity boards. Mr Birla's point was that increases in the prices of the two inputs had already taken place and that the new levy of excise duty on indigenous calcined petroleum coke at the rate of 20 per cent *ad valorem* and the increase, from 27.5 per cent to 40 per cent, in the import duty on practically all the raw materials would substantially affect the cost of production. A revision in prices of aluminium would, therefore, be fully justified.

It would be interesting to watch the reactions of the other three producers. The Indian Aluminium Company could, like Hindalco, benefit from its expansion programme but the position is not clear about the two other smaller producers. Even in fixing the prices of aluminium the Government had agreed to allow for these two producers an excise rebate of 7.5 per cent of the prices fixed for commercial quality ingots. This is equal to Rs 290 per tonne. It is to be hoped that these two producers would be encouraged and allowed to expand the activity to a reasonable level so that the price differential would not affect the efficiency in the long-run and they, too, would be in a position to take advantage of economies of scale. □

AVIATION

Air-India: Tighten your belts

BOMBAY.

AIR-INDIA'S house journal, *The Magic Carpet*, in its May issue carried a message from the General Manager to the employees: Tighten your belts. Air Marshal M. S. Chaturvedi is disturbed by the steep decline in profitability of the corporation which, according to him, would show a profit of under a crore of rupees during 1970-71, which is much less than in the previous years. The major factor responsible for this state of affairs was the rising spiral of costs. While conceding that certain areas were beyond the control of the corporation and its employees, the General Manager pointed out that there still remained large areas where determined and definite control could be effective. And, the Air Marshal gave a call to the employees to help in effecting economies.

It is doubtful if, with all these economies, Air-India will be able to maintain its past record if the Government does not do something about the 20 per cent tax it has proposed to levy on foreign travel. When the corporation went in for the 350-seater jumbos it knew that it was bargaining for hard times ahead. The growth in

Development rebate for shipping

MRS Sumati Morarjee, President, Indian National Shipowners' Association, Bombay, says that shipowners are greatly perturbed by the budget proposal to withdraw development rebate on purchase of ships after May 31, 1974. Majority of ships are built in foreign yards and as the yards are heavily booked for next three years deliveries of ships already ordered will be made only after 1974. Discontinuance of development rebate will retard expansion programme of Indian shipping companies and would thus affect foreign exchange earnings considerably. Also, the proposal to levy 20 per cent tax on foreign travel will be injurious to shipping companies as they have often to send full complements of crews and officers to foreign countries for taking over ships and for replacement of absent crews. This being an essential part of the operation of shipping companies, the Government should atleast exempt the shipping companies from the levy on foreign travel.

Power-shedding in Calcutta

The Indian Jute Mills Association, Calcutta, says that the jute industry in the city is facing a grave crisis as a result of the drastic power-shedding enforced by the Calcutta Electric Supply Corporation. The frequent power cuts and load-shedding for about a year and a half now has caused a lot of discontent among the workers who have to be laid off for the period of suspension of production. The industry, while having to pay heavy lay-off compensation without production, is helplessly witnessing a steady deterioration in labour management relations. The IJMA has, therefore, suggested that Government of India and West Bengal Government should immediately convene a conference at the highest level with representatives of the electricity generating and distributing agencies and also the jute industry to devise some short-term practical steps on an emergency footing.

The Bengal Millowners' Association, Calcutta, says that the frequent breakdown in power supply has affected seriously the working of cotton textile mills in West Bengal. Of the 34 cotton mills in the State as many as 22 have been closed down for various reasons. Working of the remaining mills has not been smooth for the last few months as a result of disruption in power supply. Suspension of power supply without prior intimation has also caused serious damage to machinery and motors in the mills.

The Indian Chamber of Commerce, Calcutta, says that the continued dislocation in the supply of industrial power is affecting a large sector of the industry and causing great damage to the economy of West Bengal in terms of production losses. As a result of the recent dislocation in power supply, a number of industrial units had to close down tending to aggravate the unemployment situation in the State. Unless the Government initiates immediate preventive steps the power supply dislocation would

BUSINESS OPINION

cause irreparable damage to the State's economy.

Bolts, nuts and screws

Mr Jagat Singh, President, Ludhiana Motor Parts Manufacturers' Association, says, that the 10 per cent excise duty on bolts, nuts and screws will have a disastrous effect on the small-scale units in Punjab. Majority of manufacturers of these items are "illiterate" according to Mr Singh, and it would not be possible for them to maintain the necessary records and go through all the formalities. There is no fixed production, or fixed prices or any permanent customers and the manufacturers have to depend on job works from outside.

Duty on raw wool

Mr Prem Nath, Chairman, Indian Woollen Mills' Federation, says that the proposed 40 per cent import duty on raw wool and the enhancement of excise duty on yarns and wool tops will result in "complete closure of the woollen industry". The industry is already facing a serious crisis because of under-utilisation of capacity, financial stringency and tardy progress of the modernisation programme. Mr Prem Nath says that the Finance Minister should reconsider the proposed levies to avoid a crisis in the industry.

Garment industry

The Madhya Pradesh Readymade Garment Dealers Association says that the 10 per cent tax on readymade garments proposed in the new Budget would seriously affect the readymade clothes industry and would render a large number of workers unemployed.

West Bengal's woes

The Indian Chamber of Commerce, Calcutta, says that the general reluctance on the part of the financial institutions to invest more funds in West Bengal and the continuing labour trouble are impeding the speedy revival of the State's economy. In a memorandum submitted to the State Chief Minister, Mr Ajoy Kumar Mukerjee, the chamber says that the public sector will have to come forward with large investments for the State's economic revival. The problem facing the industry in the State is shortage of finance. While efforts are being made to reopen the closed factories, more closures are taking place owing to growing indiscipline of workers and inter-union rivalry. Power shortage is also costing the industry crores of rupees annually as a result of cuts and dislocation of supply. On the one hand, West Bengal's price advantages in basic raw materials such as steel have been completely neutralised by the equalisation of steel price in the country, while on the other the State does not derive similar advantages in respect of other raw materials like cotton.

air traffic had slowed down recently while the capacity in the industry had increased tremendously with already 120 jumbos delivered to airlines and at least another 85 on order. Air-India's problem was how to find passengers to fill in the jumbos, but it was hoping that with the introduction of reduced fares and other promotional measures it would be in a position to tide over the situation. What it had, however, not bargained for was that the Government itself would move in to make air travel costlier and, therefore, less attractive.

The Chairman, Mr J. R. D. Tata, has said that the effect of the 20 per cent levy on Air-India would be "catastrophic". It would lose this year nearly Rs 8.5 crores and more in a full year. That made little sense to him since the Government itself did not expect to collect more than Rs 7 crores from this tax on those travelling by air or sea and paying in rupees for their tickets. Its only result would be that Air-India would go into the red—one more public sector project operating at a heavy loss.

Mr Tata and his colleagues in Air-India have placed alternatives before the Government in case it is unwilling to totally withdraw the levy. The Government, they have suggested, could impose the levy only on first class passengers leaving the economy class tax-free. Additionally, New Delhi must also withdraw the "P" Form. In fairness, the announcement of the proposal to levy a tax on foreign travel should have been accompanied by an announcement of the withdrawal of the P form. That has not been the case. And it is not yet clear how far the Finance Minister would respond to Air-India's plea though there are some reports that he might reduce the burden of the tax. □

JAPANESE ECONOMY

Keeping the yen away from foreign attacks

TOKYO

THE Japanese have been caught in their own talk of yen revaluation. The talk originated in Japan some three years ago. Many Japanese then thought that it would add prestige to Japan's newly gained economic status. Perhaps, unwittingly, they were showing a sense of pride to have a rich man's disease. But now, when the first signs of the disease are apparent, the Japanese are obviously panicked and are out to resist this drastic treatment which may not really be needed for another few years. Yet, with foreign reserves growing at the rate of half a billion dollars a month (they were over six and a half billion at the time of writing) and no signs of exports declining or imports increasing, all sorts of promises are being made to lead a regulated economic life.

This has led to a sharp decision of opinion. Mr Tadashi Sasaki, Governor of the Bank of Japan, is in favour of reducing the conspicuously ugly corpulence the Japanese economy has acquired over the years. Mr Sasaki had been in Basle at the time the Deutsche mark was freed to float, and several European currencies were revalued. He took the opportunity to convince his European colleagues, who had

gathered for the meeting of the Bank for International Settlements, about Japan's firm decision not to revalue or float the yen. On his return home he told a Diet (parliament) committee that there was absolutely no commotion in Europe about the Japanese decision not to revalue or free the yen from its dollar parity. He denied that there was any outside clamour for yen revaluation and said his statement at Basle had no adverse reaction.

He suggested an end to all talk of revaluation, and as this alone would not be effective for a series of preventive measures to keep payments surpluses and exchange reserves under control. He wanted certain basic corrections to be made in Japanese industries to reduce their present excessive export-orientation and immediate steps to stimulate the economy and domestic consumption in order to restrain exports and encourage imports. He also touched on the problem of slow recovery from the current recession. His central theme was that more money should now be made available for social overheads and production should be oriented towards raising the standard of life and culture to the Western level.

But some of his suggestions have been questioned by the Economic Planning Ministry and the Finance Ministry. The Planning Minister, Mr Ichiro Sato, and the Finance Minister, Mr Takeo Fukuda, agree that the yen must not be revalued. But they have rejected Mr Sasaki's suggestion that the Government must spend, even at the risk of indulging in deficit financing, to stimulate domestic economy and expand home consumption. Their idea is that the effective way to avoid any future pressure on the yen is to liberalise imports as far as possible and to increase investment overseas. This means that the official policy is to retain all the present drastic measures to keep the yen away from the reach of any foreign attack and not to be alarmed at the present rate of growth of reserves. The Government's action will be mainly confined to dispersing its reserves in the form of heavy investment overseas as any over-spending at home might lead to inflation which exists even now. □

INDUSTRIAL YARNS

India's first nylon tyre cord plant

BOMBAY.

INDIA'S first nylon tyre cord plant was inaugurated in Bombay last week by Maharashtra's Chief Minister, Mr V. P. Naik. This wholly Indian-built plant with a capacity of 1,500 tonnes of nylon tyre cord per annum has been set up by the leading manufacturer of nylon and polyester filament yarn, Nirlon Synthetic Fibres and Chemicals.

In his inaugural speech, Mr Naik understandably shared the enthusiasm of the Chairman of the company, Mr Jaykrishna Harivallabhdas, and the Managing Director, Mr Pramod Jhaveri, over India's entry into the field of nylon tyre cord manufacture. If we look into the consumption of nylon tyre cord only in the making of automobile tyres—not to speak of the other uses of this vital raw material, such as in defence

equipment including aircraft—the fact that all the requirement of 1,500 tonnes of cord had to be imported emphasises the importance of the new plant. This year the estimated consumption is around 2,400 tonnes, of which only 700 tonnes is expected to be indigenous.

It is obvious that when Nirlon's tyre cord plant manufactures the rated 1,500 tonnes, it will still fall short of the requirement, even with the present pattern of consumption of various types of tyre cord. One more 1,000-tonne capacity plant has been licensed, that of JK Synthetics which is expected to be in production in the near future, while at least two, namely, DCM and National Rayon, out of the four units to which letters of intent were issued by the Government of India are likely to be on stream within the next two years. Overall, it would appear that the official thinking is that during the next few years these capacities should be sufficient to reach a total production of around 10,000 tonnes of nylon tyre yarn. This would mean that nylon would constitute about 35 per cent of the total consumption of various types of tyre cord for automobile tyre manufacture.

This view is more or less shared in the report of the seminar committee on man-made fibres organised by the Association of the Manmade Fibre Industry last year. In fact, the seminar committee appears to have been more cautious than the Government, in that it would aim at the achievement of the Planning Commission's Fourth Plan target of 13,000 tonnes of nylon-polyester filament in terms of rayon equivalent (8,125 tonnes of nylon tyre yarn) only by the end of the Fifth Plan. This is based on the assumption that even by 1978-79 rayon tyre cord would be used to the extent of 60 per cent of the total requirement.

Recent trends in advanced countries have, of course, been in favour of increasing use of nylon tyre cord as against rayon. And nylon enthusiasts make it a point to refer to the example of the US where in the past couple of years nylon tyre cord accounted for as much as 60 per cent of the total consumption. At the same time, technically speaking the relative advantages of rayon and nylon over each other have given room to the opinion that rayon and nylon would remain for some time the two leading parallel fibres. As it is, with the raw material for both rayon and nylon tyre cord being imported, even economic considerations including the availability of yarn would appear to even out the advantages of both.

But there is the likelihood, as Mr Virendra Sagar, Executive Director of Nirlon Synthetic Fibres and Chemicals, puts it, that when caprolactum, which is the raw material for nylon tyre cord, becomes indigenously available from the Gujarat Fertilizer Corporation and the Gujarat Petrochemicals complex, nylon will have an edge over rayon. Although it may not be earlier than another three years that caprolactum will flow out of these units, the prospects of rayon grade pulp becoming available in large quantities from indigenous sources are considered remote. It is in this context that the Government, which has not made a secret of its preference for nylon tyre cord, is understood to be in favour of freezing the rayon tyre cord capacity at the current level of 18,000 tonnes per annum. □

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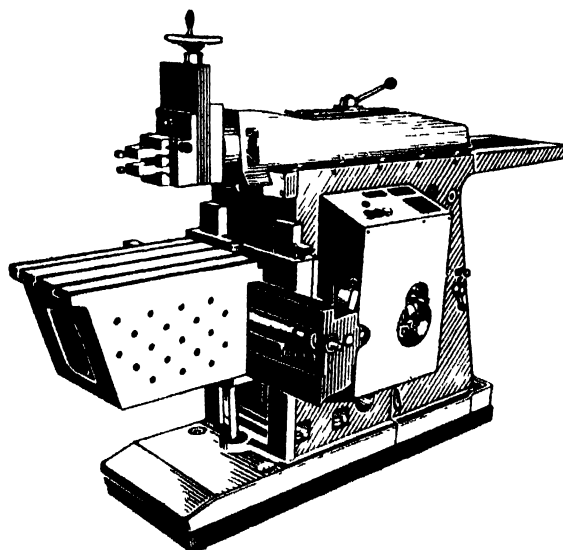
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- CSM 45 with 450 mm stroke length
- CSM 31 with 315 mm stroke length

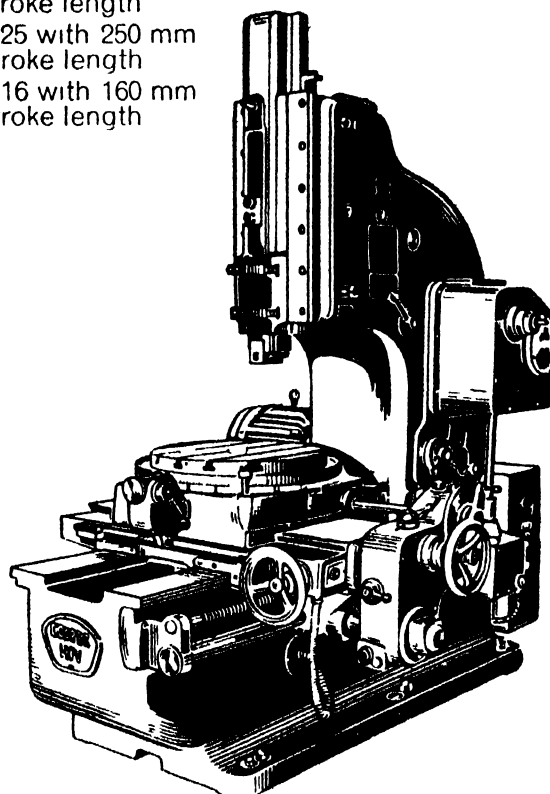
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- * CSH 63 with 630 mm stroke length
- * on DGS&D rate contract.



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BALANCE SHEET AS AT 31st DECEMBER, 1970[illegible]

SYNDICATE BANK—Continued

BALANCE SHEET AS AT 31st DECEMBER, 1970—Contd.

[illegible]

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 1970

Corresponding figures for 1963		EXPENDITURE		Corresponding figures for 1964		INCOME		Corresponding figures for 1964	
Ru	P			Ru	P	(In Rupees and Paise)	(In Rupees and Paise)	Ru	P
0 9,427 35		1 Interest paid on Deposits, Drawings to	640 00 00	9 067 17 10		1 Interest and Dividend	11 80 25 498 72		
0 82,051 20		2 Salaries and Allowances provided for and actually paid	1 00 1 18 15	87 6 00 3		2 Expenses on Printing and Stationery	1 10 08 800 07		
		3 Directors' and Local Committee Members Fees and Allowances	0 88 15	6 49 20		3 Net Profit on Sale of Investments (Fixed and Floating Securities and Other Assets credited to Reserve or any particular Fund or Account)	6 50 075 08		
36 408 18		4 Rent, Taxes, Lighting Insurance, etc.	1 88 55	7 80 14 00		4 Net Profit on Sale of Investments (Fixed and Floating Securities and Other Assets credited to Reserve or any particular Fund or Account)	7 10 604 01		
1 57 107 17		5 Law Charges	1 52 69			5 Net Profit on Sale of Investments (Fixed and Floating Securities and Other Assets credited to Reserve or any particular Fund or Account)			
4 018 50		6 Postage, Telegrams and Stamps	10 00 00 10			6 Income from Non-Banking Assets (including Sale of Fixed Assets)			
2 52 154 54		7 Auditors Fees	6 88 00			7 Other Receipts	3 300 43		
1 43 450 00		8 Depreciation on and Re-purchase of the Bank's Property	2 11 27 08				34 58,688 22		
13 584 25		9 Stationery, Printing, Adv. Payment of	2 08 34 24						
2 10 720 11		10 Loss from Sale of Fixed Assets and Non-Banking Assets	4 00 00 00						
3 150 10		11 Other Expenditure	1 00 00 00						
40 33 090 14		12 Balance of Profit subject to Bonus	1 00 00 00						
81,407 70									
1 17 21 413 64		Total	Ru 11 7 11 08	10 17 24 413 64		Total	Ru 13 02 11,762 00		

TYPE (1) Particulars of Remuneration relating to the Custodian

Rs	P		Rs	P
57,000	00	(i) Salary	1,000	00
....	....	(ii) Allowances	4,100	00
....	....	(iii) Bonus	..	..
4,817	13	(iv) Employer's contribution to Provident Fund	49	92
1,800	00	(v) Monetary value of any other benefits or perquisites	1,950	00
63,617	13		5,074	92

(c) Corresponding figures for 1989 represent the consolidated figures for the two periods, i.e. from 1/1/1989 to 31/12/1989 and 1/1/1990 to 31/12/1990 viz before and after nationalisation. The figure of Profit for 1989 is after providing for Bonus to Staff under the Profit Sharing Scheme.

(3) Stationery, Printing, Advertisment etc. and other Expenditure Incurred Rs. 6,04,221.75 towards Publicity Expenses.

SCHEDULE 1

**SCHEDULE OF PARTICULARS REQUIRED BY THE BANKING REGULATION ACT, 1949 (ACT X OF 1949)
ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st DECEMBER, 1970**

Corresponding Figures for 1969		PARTICULARS OF ADVANCES		Corresponding Figures for 1969		PARTICULARS OF ADVANCES	
Rs.	P.		Rs. P.	Rs.	P.		Rs. P.
81 90 56,160	50	(i) Debts considered good in respect of which the Bank is fully secured	85 73 7 519 5	20 46 133 00	(v) Debts due by Directors or officers of the Bank or any of them (other than jointly with any other persons)	30 87 60 00	
1 48 40,502	00	(ii) Debts considered good for which the Bank holds no other security than the debtors' personal security (inclusive of advances on joint and several promiss)	11 97 18 648 6		(vi) Debts due by the Company or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of Private Companies as Members	80 1,200 00	
10 47,40,420	59	(iii) Debts considered good secured by the personal liabilities of one or more parties in addition to the personal security of the debtors	15 11 25 226 49		(vii) Maximum total amount of advances including temporary advances made at any time during the year to the Directors or Managers or Officers of the Bank or any of them (other than jointly with any other persons)	32 1 97 00	
...		(iv) Debts considered doubtful or bad not provided for		27 20 747 00	(viii) Maximum total amount of advances including temporary advances granted during the year to the companies or firms in which the Directors of the Bank are interested as Directors, Partners or Managing Agents or, in the case of Private Companies as Members	8 70,814 00	
104 92,42,069	18	Total	Rs 122 82 29 404 39	10 74,490 65	(ix) Due from Banking Companies	16 57,340 19	

* (vi) and (vii) are advances to Companies in which a Director of the Bank is interested as a nominee Director of a State Financial Corporation for which exemption under Section 63 of the Banking Regulation Act, 1949 has been obtained.

SYNDICATE BANK—Continued

SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st DECEMBER, 1970

Corresponding Figures for 1969	SCHEDULE II	Rs	P	Corresponding Figures for 1969	SCHEDULE III	Rs	P
Rs P	Premises :	Rs	P	Rs P	Furniture, Fittings, Etc :	Rs	P
91 45 141 91	Original Cost on 31 12 1969	01 57 065 64	82 83 714 04	1,26,70,816 7	Original Cost as on 31 12 1969	1,26,70,816 7	
326 321 23	Add Additions during the year	12 74 620 44	44 22 304 87	68,85 818 38	Add Additions during the year	68,85 818 38	
94,70 463 11		1 01 35 086 08	1 27 06 017 91	1,80,62 635 15		1,80,62 635 15	
9,13 307 60	Less Sales/Deductions during the year	67 518 44	29 201 14	54,360 54	Less Sales/Deductions during the year	54,360 54	
91,57 065 64		1 03 68 117 64	1 26 76 816 77	1,80,08,274 61		1,80,08,274 61	
17 64 692 68	Less Depreciation written off upto 31 12 1970	20 02 482 29	37 50 401 77	53 06 294 51	Less Depreciation written off upto 31 12 1970	53 06 294 51	
74,02 472 96	Total	83 65 665 35	59 26 415 00	1,27 03 940 09	Total	1,27 03 940 09	

Corresponding Figures for 1969	SCHEDULE IV	Rs	P	APPROPRIATION OF PROFITS	Rs	P
Rs P	Non-Banking Assets	Rs	P	1. The Directors report that the usual and necessary provisions having been made for the Bank for the year ended the 31st December 1970 amounted to Rs 65 20 952 28 the net profit of the Bank for the year ended the 31st December 1970 amounted to Rs 65 20 952 28	Rs	P
2 93 315 30	Original Cost as on 31 12 1969	1 6 891 70		2. This sum the Directors of the Bank have disposed of as follows	14,00 000 00	
8 21 06	Add Additions during the year	6 226 87		Transferred to Reserve Fund	20,60 000 00	
2 05 168 36		1 118 57		Transferred to Staff (Provision)		
18 22 16	Less Sales/Deductions during the year	600 00		Balance to be transferred to Central Government in terms of Section 10 (7) of the Banking Companies (Acquisition and Transfer of Undertakings) Act 1970	21 60 952 28	
1 66 891 70		1 18 57		Total	65 20 952 28	
28 078 84	Less Depreciation written off upto 31 12 1970	36 14 68				
1 28 812 86	Total	1 87 375 89				

Note: In computing the figures of Original Cost and Depreciation of the Assets as per Schedules II, III and IV above, the necessary adjustments have been made in presentation of the same as compared to Balance Sheet as at 31st December 1969.

REPORT OF THE AUDITORS

SYNDICATE BANK

To

THE PRESIDENT OF INDIA

1. We have an audit of the attached Balance Sheet of Syndicate Bank as at 31st December 1970 and the attached Profit and Loss Account of the Bank for the year ended 31st December 1970 in which are incorporated the returns of 144 Branches audited by us. Branches audited by other auditors, and the un-audited returns in respect of 263 Branches not visited by us for the exclusion of which branches from audit concurrence of the Reserve Bank of India was obtained.

2. The Balance Sheet and the Profit and Loss Account have been drawn up in forms 'A' and 'B' respectively of the Third Schedule of the Banking Regulation Act 1949. Accordingly they disclose such matters as were required to be disclosed in the case of Banking Companies prior to nationalisation by virtue of the provisions of the said Act as read with the relative provisions of the Companies Act 1956. Subject to the limitations of such disclosure and on the basis of the audit indicated in the first paragraph we report that:

(a) In our opinion and to the best of our information and the explanations given to us and as shown by the books of the Bank

(i) the Balance Sheet read with the notes thereon is a full and fair Balance Sheet containing the necessary particulars and it is properly drawn up so as to exhibit a true and fair view of the affairs of the Bank as at 31st December 1970

(ii) the Profit and Loss Account read with the notes thereon shows a true balance of Profit at the year ended on that date

(b) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and have found them to be satisfactory

(c) the transactions of the Bank which have come to our notice have been within the powers of the Bank and

(d) the returns received from the offices and branches of the Bank have been found adequate for the purposes of our audit

Place: MANIPAL
Date: 28th May 1971

G. P. KAPADIA & CO.,
Chartered Accountants

VARMA & VARMA,
Chartered Accountants

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UNION BUDGET 1971-72

Savings, taxation and growth

Hurdles for savings and investment

By P. R. Brahmananda

FISCAL POLICY, in the context of the background situation in the Indian economy during 1971, must have the goal of a sharp rise in the ratio of net investment to national income. This goal can be achieved only by devising measures such as to cause a rise in the ratio of net savings to national income. The fiscal authorities have decided that a sharp rise in the ratio of Plan outlays to national income is the chief instrument for obtaining a high rate of growth. It follows that the goal of the budgetary policy for 1971-72 must be to cause a rise in the ratio of savings to national income and to bring about such a scale of transfer of command over resources that the contemplated rise in the ratio of Plan outlays to national income is achieved. Three possibilities are open: (1) The ratio of savings to national income may not go up, or may even go down, though the rise in the ratio of Plan outlays to national income may be partly achieved. (2) The savings ratio may go up but the ratio of Plan outlays may not go up. (3) The savings ratio may go up and the ratio of Plan outlays too may go up.

Let us examine the possible effects upon the savings ratio. This ratio should have possibly ruled at around 7.5 per cent to 8 per cent of the national income around 1970-71. It has gone down as compared to 1964-65. Since 1964-65, there has been an increase in national income at constant prices by about 19 per cent; but the savings ratio has gone down from around 10.7 per cent to about 7.5 per cent or so, that is by nearly 30 per cent. Of course, the *per capita* income at constant prices has risen possibly only by about 5 per cent to 7 per cent. But it has risen, and why should the savings ratio go down? According to available data, there has been a steep fall in the ratio of Government savings to national income and some, though not so great, a fall in the ratio of household savings to national income. Latest company finance statistics show some, again not so great, fall in the corporate savings ratio.

Why has the Government savings ratio fallen so steeply? It has fallen from around 27 per cent of the national income in 1964-65 to possibly less than 1 per cent in 1970-71. The Government savings ratio can go up if (a) substantial surpluses on revenue account are obtained and these

are used for financing of capital development, and (b) surpluses are earned in the public sector concerns and these are ploughed back into capital development. Revenue surpluses as a ratio of capital disbursements formed 16 per cent in 1964-65; in 1970-71 (revised) they formed probably less than 9 per cent. Again Plan outlays formed about 33 per cent of all Government outlays, in 1964-65, they formed around 30 per cent of such outlays in 1970-71. It is well known that surpluses from the public sector enterprises are meagre and there is no prospect of any substantial rise in their share in the near future.

The key question which the fiscal and Plan authorities should ask themselves is whether any substantial step up in real development efforts is possible when (a) there is a tendency to transfer towards the public sector a rising share of the aggregate capital assets, and (b) the assets so transferred or otherwise built do not contribute their due share to national savings.

To the extent that the public sector enterprises can get a rise in the ratio of their profits on capital and this rise in the ratio is not eaten up by a rise in wages and salaries, the Government savings ratio can go up. A rise in the ratio of profits is conditional upon a higher degree of utilisation of the capacity of these enterprises, and this itself is conditional upon a rise in the scale of demand for the products of the enterprises. The public sector enterprises in India mostly grow out of the Mahalanobis-Feldman strategy of development, applied to India. The products of these enterprises contribute to expansion in investment but in a similar pattern. With the virtual stoppage of fresh project-imports since 1965-66, fresh investment in these lines has not taken place.

The heavy-industry structure is not self-reliant within to real-finance such an expansion. Imports of portions of equipment are necessary and as installed machinery is specific, investments in only certain lines can create a demand for the products of the heavy-industry sector. This is the reason for the crisis in this sector: most of the enterprises in which happen to be in the public sector itself. A demand-boost for their products is conditional upon project-imports and of the furtherance of the Mahalanobis-Feldman strategy. As an alternative we have tried to export some of the products but the export demand is not sufficient to absorb the surplus capacity. Again the steep rise in manufacturing prices and in the prices of metallic

intermediate goods is bound to come in the way of the expansion of export demand.

Those who argue that the profits of the public sector enterprises can be raised by a rise in the prices of these commodities do not realise that the major purchasers of these commodities are the public sector units themselves. Further, a host of export industries will be adversely affected. A rise in the prices of these commodities results in a larger scale of Government loans to them.

We can, therefore, rule out any major scope for a rise in the Government savings ratio other than through revenue surpluses obtained by traditional tax sources. An important non-tax source which the Government can exploit is through a substantial hike in interest rates on loans from Government-aided and other financial institutions. Unfortunately, the present Finance Minister who appears to be influenced by the point of view of the fund-owners such as the co-operatives etc., cannot be expected to be sympathetic to proposals for steep hikes in interest rates. But then there is no other way out.

If the Finance Minister wants to really step up the savings and investment efforts he has to obtain higher tax revenues in a climate of constant prices. In other words he has to eschew both deficit financing and credit expansion. What is happening is that the taxes are raised and at the same time money incomes too are raised. No substantial increment transfer of command over real resources is accruing to the public sector. The tragedy of the thinking behind the *Economic Survey* and of the speech by the Finance Minister is the non-realisation of the grave nature of the economic crisis affecting the heavy sector. How on earth the fiscal policy outlined by the Finance

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Dr Brahmananda is Professor of Monetary Economics at the University of Bombay.

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Minister can help arrest the stagnation in savings and investments is anybody's guess. Unfortunately the Finance Minister too has started thinking that project-imports are not needed. How one wishes that the top authorities studied deeply the origins of the crisis in the Indian economy. Because of their lack of understanding of the problems in depth, no Finance Minister has been able to put the Indian economy on a viable, long-sustaining, mass-consumption and investment-oriented growth path.

Obviously the only course which the authorities have been adopting is to cause a sizable budgetary deficit each year and to seek to get a transfer of command over real resources by causing a rise in the level of prices. But despite a rise in the price-level of nearly 48 per cent since 1964-65, the Plan outlays at current prices have gone up between 1964-65 and 1970-71 by less than 25 per cent. If we take employment in the Central Government sector, there has been a rise of about 6 per cent at the end of 1969-70 as compared to the position at the end of 1964-65. If we take both the Central and State Governments, there has been a rise of just about 9 per cent or so.

What is most distressing is the stagnation since 1965-66 in the volume of employment in the organised part of the private sector. The volume of employment was about 68 lakhs at the end of 1965-66; it has gone down to about 67.8 lakhs by the end of 1969-70. Even granting the provisional nature of the figures for 1969-70, it appears that since 1965-66 employment in both the sectors in the organised areas has gone up only from about 162 lakhs to 171 lakhs i.e. by just about 5 per cent.

It follows from all this that since 1965-66, the progress of net investment in the private sector has slowed down drastically. Figures regarding machinery imports, steel and cement consumption point to a steep fall in the ratio of gross investment to national income since 1965-66. These indicators are borne out by the trends in the savings ratio. Aggregate machinery imports in 1970-71 would be slightly less than those in 1969-70 and 14 per cent less than those in 1967-68. As compared to 1965, the index of capital goods production was less by about 18 per cent in 1970; there was only a 2 per cent rise in this index during 1970 over the previous year. Even cement output was only 3 per cent higher over the previous year. The output of finished steel would be perhaps 15 per cent less in 1970-71 as compared to 1969-70. The rise in steel imports during 1970-71 may just compensate for the fall in production so as to leave the aggregate steel consumption at the same level as in 1969-70.

All these indicators point at best to a constant (or a marginally higher) real level of gross investment in 1970-71 as compared to that in 1969-70. As the depreciation provision has to be greater during 1970-71 than in 1969-70, the crucial conclusion is that the level of net investment in 1970-71 may either be the same as in 1969-70 or possibly slightly lower. The *Economic Survey's* data regarding capital issues are partial and not conclusive. Nor is the trend of borrowing from financial

institutions any pointer, as there has been a trend towards a rise in the ratio of external funds to the total use of funds.

The Finance Minister has outlined a number of tax proposals whose net effect would not operate in favour of incentives for higher savings. The concessions regarding provident funds benefit to the low and middle income classes, but these are the very classes who would be hard hit by the rise in prices caused by the excises and by deficit financing. The special concession for conveyance is more than lost by the increase in the cost of fuel and petrol. The taxes on necessities such as maida, soap, glass, plastic products, etc., are bound to be reflected in a rise in the cost of living index, which of course will be compensated by a rise in gross wages and salaries for the workers in the organised sector. The taxes on intermediate products such as petroleum products, metal products, import duties on machinery, etc., are bound to be reflected in a rise in the cost of these products. Such items as metal products and petroleum products enter as inputs in many industries. The cost-push on the score of a rise in their prices is bound to affect the degree of utilisation of the industries using engineering and automobile products. Exports also may be adversely affected. Even the enhanced scale of wealth taxes is bound to be reflected in a rise in explicit or implicit gross rents. Such a rise may not be reflected in increase visible incomes. The housing situation in urban areas may be worsened. However the Finance Minister has cared to see that a discriminatory treatment is ac-

corded to co-operatives. But this would only increase the extent of borrowing from Government financial institutions.

Incentives apart, the Budget does not allow larger funds to be left with those groups who would be in a position to save and to invest more. Thus the source of savings, too, would tend to be adversely affected.

All the above observations cast a doubt on the possibility of any beneficial impact of the Budget upon savings and investments. As implied earlier the prospect of a price-rise of a minimum of 5 per cent in 1971-72 will dampen the possibility of any substantial rise in Central and State Plan outlays. The prospects for a revival of the savings-investment process in the private sector is remote; there is nothing in the Budget to help this process. We are, therefore, left with the inequity of the excises on the poor and of the inequity to the whole economy of the continued rise in prices of essential goods due to deficit financing and credit expansion.

Unless we assume that substantial expansions are taking place in employment in the unorganised sector, the current drift in the fiscal policy cannot be said to have any macro effect on employment. If a budget does not benefit the poor, if it does not cause savings and investment to go up, and if it plans for just a price-rise with discriminatory taxes on the necessities of the poor, how can any economist, more so in a poor country, commend it?

A poverty-oriented Budget

By N. A. Palkhivala

THE pride of place in the parliamentary calendar still belongs to the annual ritual of the budget. The fiscal measures adopted by a government constitute perhaps the most significant aspect of its economic policy; and the economic policy pursued by a government is the single most important factor in the economic development of a nation. Abundance or scarcity of natural resources, the rate of population growth, the level of education, and geographical conditions have a strong impact on the economic environment; but more crucial than them all is economic policy.

The Government of India, with its tremendous political mandate, had a golden opportunity of bringing in a nutritive budget which could have harnessed to great national purposes the immeasurable reservoir of the people's faith and response, energy and enterprise. But instead, it has introduced a Budget which will sap the nation's strength, blight confidence and strangle enterprise. Whereas the Budget

could have given the patient 547 millions the chance of a brighter tomorrow, it only aims at ushering in a socialist springtime of dead flowers.

The first Indian Budget in modern form, containing the first levy of income tax, was presented to the Legislative Council on February 18, 1860, by the first Indian Finance Member, James Wilson, who said in his Financial Statement of that year: "The normal state of Indian finance may be said to be deficiency of income and addition to debt." In that Budget the rate of income tax was 2 per cent upon incomes between Rs 200 and Rs 500 a year, and 4 per cent on incomes above Rs 500. The maximum rate of 4 per cent was reduced in 1863 to 3 per cent, and in 1869 to 1 per cent. The wheel has now turned full circle. Instead of the assessee paying 2 per cent tax and keeping 98 per cent of his income, he has now to pay 98 per cent tax and keep 2 per cent of his income.

More than any other Budget during the last 111 years, this year's Budget is in its conception ideology-oriented, and in effect will prove poverty-oriented. The

Mr Palkhivala is a distinguished constitutional and taxation expert.

philosophy underlying the Budget rests on the following inarticulate major premises:

(1) It is enough, and a lot easier, to impoverish the rich instead of enriching the poor "Amrī hatao" at Budget time is an excellent political substitute for "Garibi hatao" at election time, and the public mind may be trusted to be sufficiently muddled to see no distinction between the two.

(2) The laws of human nature should be treated as impliedly and effectively repealed by the laws of Parliament.

(3) A citizen of integrity and intellect, industry and enterprise, does not deserve to keep even a reasonable part of the fruits of his own labours. It is politically expedient to have a ceiling on income, although in practice it merely amounts to a ceiling on honesty.

(4) The private corporate sector needs no incentives. It should find its deepest satisfaction in the fact that while, as a result of manifold restrictions on initiation and expansion of industry, it is permitted to contribute only 8 per cent of the total national income (as against 70 per cent in developed countries), it contributes no less than 60 per cent of the direct and indirect taxes collected by the Central Government.

(5) The agricultural sector is politically too important to be taxed even reasonably, mounting savage taxation should be discreetly reserved for urban citizens who have no political lobby worth the name.

Impoverishing talent and enterprise is a political gimmick: eradication of poverty would be an economic achievement. You do not really need the very expensive outfit of a vast Finance Ministry to manage the former, an intelligent schoolboy can think up the simple expedient of imposing staggering rates of income tax and wealth tax. On the other hand, eradication of poverty demands wisdom and knowledge, character and dedication, of the highest order, and only the finest of governments achieve it, though all political parties adopt it as their slogan.

The Budget will, no doubt, have the effect of reducing the disparity between the honest rich and the poor. But this object will be achieved at the cost of vastly increasing the number of black-marketeers, tax-evaders and licence-peddlers. We may continue to dream of a higher standard of living for the masses, but will never manage to underwrite our dream in terms of output. Neither the gross national product nor the per capita income will increase. But by constricting growth and aggravating inflation, the Budget will definitely increase poverty. There will be a sharp rise in the army of the unemployed who already number 20 million on a reasonable estimate. With this year's Budget one can confidently predict that the estimate of 28 million desperate job-seekers at the end of the Fourth Plan will be substantially exceeded by the actual figures. Any Budget which on ideological grounds prevents the full development of job potential constitutes a crime against the nation.

The problem of conquering poverty is not insoluble. When the World Bank appointed the Lester Pearson Commission to study the achievements of developing countries, and the role that foreign aid could play, it came to the striking conclusion that of the 69 developing countries whose growth-performance was assessed,

as many as 32 scored during the first seven years of the 1960s an annual growth rate of over 5 per cent, and 19 of these 32 countries scored an annual growth rate of over 6 per cent. Regrettably, during the same period, India's growth rate hovered around 3.2 per cent. In fact, India was in the same boat as Burma, Congo, Haiti, Mali and Somalia. It is true that in the last 3 years, there has been a heartening improvement in the performance of agriculture but even after taking this into account the annual average growth rate for the decade as a whole is no more than 3.6 per cent, which set against the annual population growth rate of 2.45 per cent leaves a negligible increase per capita. It is an irony worth contemplating that the two richest countries of Asia, viz Japan and Singapore, are also countries without any natural resources. Here with all our wealth of natural resources we struggle with an annual per capita income of \$90 against \$800 of Singapore and \$2,100 of Japan.

It is a truism which will bear repetition that in economics there are no miracles: there are only consequences. The only way of eradicating poverty—of translating "Garibi hatao" into action—is to work more, save more, invest more. But this year's Budget offers the strongest possible disincentives to work, to save or to invest. The most expensive hobby of Indians is work. Capital formation is at the miserably low rate of 12 per cent of the national income, and the Budget will ensure that the 15 per cent rate of saving targeted in the Fourth Plan will not be achieved. The powerful disincentives to saving are the steady erosion in the value of the rupee and the vertiginous levels of wealth tax and income tax.

When the basic instincts of human nature and the deep-grained motivations of human conduct come into sharp conflict with man-made laws, it is the laws which are invariably defeated and brought into contempt. Yet in the Budget speech year after year our Government gives expression to the juvenile delusion that new laws and more laws are all that is needed to make men work mainly—and at a certain level, wholly—for the benefit of the exchequer.

It is a sad reflection on human nature, but a fact of life which we ignore only at our peril, that a man will work for himself and for his family as he will work for no one else. Our laws fight a losing battle with the acquisitive instinct of man. In Russia and other communist countries, taxi drivers will surreptitiously ask for foreign exchange from complete strangers, although the death penalty is the punishment for such an act. Wise governments reasonably regulate these normal human instincts and ensure that they create open wealth for the nation. Foolish governments permit these instincts to create black-markets and black money.

The proposal for levying income tax at rates going up to 97.75 per cent and wealth tax at rates going up to 8 per cent (plus 7 per cent in the case of urban property) virtually amounts to annual confiscation of income and wealth. These proposals make it clear that the Government is determined to let public morality die in India. Let the citizens observe only the Eleventh Commandment: "Thou shalt not be found out."

The implication of 97.75 per cent income tax is that it is more profitable for

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a citizen at a certain level of income to evade tax on Rs. 30 than to earn honestly Rs. 1,000. If an individual with an income of Rs. 60,000 a year increases it to Rs. 6,00,000 a year by dint of sheer hard work, the net additional income in his hands after income tax would be only Rs. 23,650. In some democratic countries, such rates of income tax and wealth tax may be struck down by the court as being unconstitutional and as amounting to confiscation of property.

The remark that the tax rates in India cannot be reduced because of widespread evasion is on a par with the observation that you should not go into water till you have learnt to swim.

It is well recognised that a high level of taxation is not disinflationary but positively inflationary because if the solution to the problem of inflation is more production, then a high level of taxation which reduces the margin of saving and the amount available for investment, is a potential inflationary force. Further, it destroys all cost consciousness as it destroys all ethics consciousness: a company has as little incentive to economise when 70 per cent of its expenses are met by the Government as a citizen has to be honest when there is virtually a ceiling on the income he can earn by his own labours. As W. Arthur Lewis, the well-known Democratic Socialist has observed in *The Theory of Economic Growth*:

The distribution of income raises peculiarly difficult problems for the less developed countries in so far as they wish to combine equality with incentives, and with a high level of savings. Economic growth demands that there shall be adequate differentials for skill, for hard work, for education, for risk bearing and for willingness to take responsibility.

"The less developed countries have awakened into a century where everybody wishes to ride two horses simultaneously, the horse of economic equality and the horse of economic development. The USSR has found that these two horses will not go in the same direction, and has therefore abandoned one of them. Other less developed countries will have to make their own compromise."

In other words income tax rates should be kept reasonably low so as not to interfere with functional inequalities.

Mr. T. T. Krishnamachari expressed the same view in his Budget speech of 1957.

"I have come to the conclusion that our existing rates of direct tax at top levels deprive the tax structure of all flexibility. It is said that they tend to diminish the incentive for work but I am aware that they encourage large-scale evasion. It is now recognised that the very high rates of direct taxation in the top income brackets in many countries of the world in practice are tolerated or tolerable only because of considerable evasion that takes place. In other words, the high rates tend to be applied to a corroded tax base."

Again in his Budget Speech of 1964, Mr. T. T. Krishnamachari stated:

"It is worthwhile mentioning that the motivating factor behind earned in-

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comes should not be ignored. Much of it is due to the incentive, the initiative and hard work of the earner himself, and for keeping up this effort and to enthruse the earner to greater efforts, it is necessary for him to have a feeling that at least some substantial portion of what he earns is left in his hands."

Prof Kaldor, a confirmed socialist, recommended the lowering of the maximum marginal rate of taxation on personal income to 45 per cent, and observed:

"As it is, these confiscatory tax rates truly apply only to a small minority of people who cannot avoid their incidence, and their long-run effect is bound to be wholly pernicious, both in penalising the prospects of certain careers which are vital from the national point of view, and in undermining public morality."

The middle classes will be the worst hit by the Budget. Every citizen with wealth exceeding Rs 1 lakh will now have to pay tax on his entire wealth without the exclusion of the first slab of Rs 1 lakh which prevailed till this year. The effective rate of capital gains tax has been jacked up by nearly 50 per cent in a large number of cases of middle-class investors. There will be no exemption from wealth tax in respect of equity shares issued after May 31, 1971. The five-year tax holiday to newly-established industrial undertakings and hotels takes the form of exemption of profits up to 6 per cent of the capital employed in the company; and a similar exemption is available to shareholders in respect of dividends declared out of such profits. This year it is proposed to exclude debentures and long-term borrowings from the definition of "capital employed". The result will be that for all practical purposes the income tax relief to companies and their shareholders will be reduced to 2.5 per cent of the real capital employed instead of 6 per cent, since the ratio of long-term debts to equity is generally 4:3 in such cases. All this is bound to affect the investment market very adversely and create road blocks in the way of talented young entrepreneurs entering the industrial field, getting financial support from the public, and developing their ventures with due regard to economies of scale.

The Government's hope that tax evasion resulting from confiscatory taxation will be checked by new laws, will prove to be a will-o'-the-wisp. It is a scandalous state of affairs that flats should be sold for half the price in black money. But can you make houses available to the needy at the openly-disposed prices, merely by enacting new laws? The proposed legislation for acquisition of flats by the Government at the price stipulated in the sale deed may prove to be a remedy worse than the disease. It will give tremendous scope for corruption, since only some of the flats would be so acquired in the discretion of the Government officials. Secondly, it would check building activity and aggravate the housing shortage, as the vigorous enforcement of the Bombay Land Requisition Act, 1948, did years ago.

The proposal to have a law barring suits by tax-evaders against benamidars to recover properties which had not been disclosed in the tax returns, shows how com-

pletely divorced governmental thinking is from the realities of the situation. Practical experience shows that not even one in a thousand benami transactions results in such a suit being filed; because even under the existing law if such a suit were filed by the true owner, he would probably have to pay more in back taxes and penalties than the value of the property itself.

The only effective way of dealing with black money and benami transactions is to end planning for shortages, to reduce taxation to reasonable levels, and to enforce rigorously the existing laws which are quite adequate to deal with the situation.

A comparison with the other countries of the world proves beyond doubt that we are the highest taxed nation, as far as direct taxes on the individual are concerned. The tendency in all progressive countries is to reduce rates of direct taxation so as to stimulate greater effort and greater production. In the United States the rate of personal taxation has been drastically cut, and the maximum marginal rate applicable to earned income after 1971 will be only 50 per cent. In the United Kingdom, the income tax rates were reduced all along the line in this year's budget and the top rate was reduced from 91.25 per cent to 75 per cent. An assessee with three children and a widowed mother and paying the usual insurance premium would pay tax at the average rate of 5.5 per cent on an income of £1,500. The same income under the same conditions in India would attract 18.3 per cent income tax.

In Ceylon Mrs Bandaranaike's Government has reconstructed the tax system on pronounced socialistic lines, but the highest rate of income tax there is 65 per cent. There is also a compulsory savings scheme which requires deposits to be made with the Government, carrying interest at 5 per cent. But the maximum rate of compulsory savings is 20 per cent of the income. Thus the maximum marginal tax along with the maximum compulsory savings comes to 85 per cent of the income. As regards wealth tax, Ceylon, again, is in a much more favourable position. The first Rs 1 lakh is wholly exempt from wealth tax and the rate starting with 0.5 per cent goes up to a maximum of only 2 per cent on wealth above Rs 18 lakhs. Recently, Ceylon did have a capital levy, the maximum marginal rate of which went up to 25 per cent, but this capital levy was once for all, as against our maximum annual per cent and in the remaining three no 15 per cent in the case of urban immovable property.

Of the 18 important developing countries of the world, six have a maximum income tax rate ranging no higher than 50 per cent; in another six, the rate is no higher than 70 per cent; in two others 80 per cent, and in the remaining three no higher than 90 per cent. Those three are: Puerto Rico (83 per cent), UAR (90 per cent), and Zambia (90 per cent). India takes the palm with its rate of 97.75 per cent.

The Budget hits hard the corporate sector. At a time when all other developing and under-developed countries of any importance offer incentives for the growth and expansion of corporate enterprises, India alone goes in the opposite direction and takes away existing inducements. The excellent book *Direct Taxes: An International Comparison*, brought out by the

Federation of Indian Chambers of Commerce and Industry, contains cogent data proving that all developing countries which have any pretence to economic growth are giving, and continue to give, as generous incentives to the corporate sector as India; in fact in many cases the incentives are more generous than what our companies enjoy.

The Government has given notice that development rebate would be abolished in respect of plant and machinery installed after May 31, 1974 and has expressed the hope that this would result in accelerating the establishment of new industries before that date. The threatened abolition of development rebate by May 1974 is a current deterrent to economic growth and not only a future deterrent. Three thousand applications for licences are pending with the Central Government. The Licensing Committee which meets usually once a fortnight would have to face the impossible task of disposing of 125 applications at every meeting, if it is to deal with all the applications within one year so as to enable the installation of plant and machinery in new industries to be completed before May 1974. The annual accretion to development rebate reserves amounts to Rs 50 crores and would constitute roughly 20 per cent of the net capital formation in the corporate sector. The unwise abolition of development rebate will increase substantially the tax burden on the corporate sector, drive companies to obtain assistance from financial institutions instead of financing development from self-generated resources, and leave companies free to distribute dividends out of moneys which would otherwise have been ploughed back compulsorily as development rebate reserve. Barely 5 per cent has been the actual rate of growth in industrial production during the last year, as against the 8 per cent to 9 per cent targeted in the Fourth Plan. If development rebate is abolished, the rate of industrial growth will be definitely retarded.

The exclusion of cement, trucks, aluminium, soda ash, petrochemicals and automobile ancillaries from the list of priority industries will result in their tax burden being increased from 50.6 per cent to 55 per cent. These are high technology-intensive industries requiring substantial doses of capital and a long gestation period and they have a whole chain of beneficial multiplier effects. There is not the slightest justification for their exclusion from the list of priority industries. Every truck manufactured gives employment to 13 persons and 42 per cent of its cost to the transport operator goes by way of taxes to the Central and State Governments. Petrochemicals, aluminium and soda ash provide the raw material base for thousands of small-scale industries.

As regards industries which continue to remain as priority industries, the effective rate of tax has been increased from 50.6 per cent to 52.25 per cent.

The sizably lower relief available to newly established industrial undertakings and hotels has already been referred to earlier. Foreign companies receiving dividends from Indian closely held companies in priority industries will now be taxed at the effective rate of 24.5 per cent instead of 14 per cent. At the same time, foreign companies reinvesting in approved investments the capital gains made by

them on sale of their old investments, will no longer be entitled to exemption from capital gains tax. For good measure, the exemption which companies used to enjoy in respect of dividend income up to Rs 3,000, is also now taken away.

There is not a single redeeming feature in the entire Budget to compensate for the drastic abridgment of incentives for the corporate sector.

Further, companies will not be allowed a deduction in respect of salaries in excess of Rs 5,000 and perquisites in excess of Rs 1,000 per month given to Directors and executives, even if their contracts of service have been duly approved by the Government of India. Thus in several cases the executives will pay income tax at the rate of 90 per cent or more and the companies will again virtually pay tax (as a result of the disallowance) on the same amount at the rate of 55 per cent or more.

When a government, which is so unfair and unjust, complains of tax evasion, it should remember that just as every nation gets the government it deserves, every government gets the tax-payers it deserves.

The incentives for corporate development have been removed, on top of retention of the heavy rates of income tax and increase in the rate of surtax. Our companies are charged to income tax and surtax, which, in the case of some of the most efficient units, impose a burden exceeding 60 per cent of the company's profits.

Out of the 141 countries whose rates of corporate taxation are available, 131 have the maximum rate of 50 per cent or less in the corporate sector; and, again, 92 out of the 131 have corporate rates not exceeding 40 per cent. Six countries levy corporate tax at rates between 51 per cent and 55 per cent. The only countries whose corporate tax rates exceed 55 per cent are: Austria (57.6 per cent), Sudan (62 per cent), Faroe Islands (87.6 per cent), and Burma (99 per cent). In none of these four countries is there any corporate industrial activity worth the name. Faroe Islands (to the north of Scotland) have a total population of 38,000, i.e. less than that of a small township in India; and in Burma corporate taxation represents more a practical joke than serious economic thinking, since there is no business, no industry and virtually no private corporate sector. Thus, India cries aloud for recognition as the country with the highest burden of corporate taxation.

There is the story of the monks who belonged to a religious order which prohibited them from complaining. One evening, sitting at dinner, a monk found a small mouse in his tankard of beer. Mindful of the rule against complaints, he turned to the superior and meekly said, pointing to the monk next to him, "There is no mouse in my brother's beer". When one points out that there is no mouse in the agriculturist's beer, one is only pointing out the iniquity of subjecting the urban sector to a staggering burden of direct taxation when for political reasons agriculture is almost wholly spared.

The annual national income from agriculture is about Rs 16,000 crores, while the total income of the non-agricultural sector is roughly the same. Agricultural income tax levied by the States totals only Rs 13 crores, while direct taxes on the non-agricultural sector aggregate to Rs 857

crores. Thus, though agricultural income is half of the national income, its share of the direct taxes collected is only 1.5 per cent. Land revenue collected throughout India comes to Rs 113 crores; and therefore even treating land revenue as a part of direct taxation on agriculture, agriculture bears only 13 per cent of the total burden of direct taxes.

Since 1961-62 prices of agricultural commodities have risen by 101 per cent, while the prices of industrial products have risen by only 50 per cent. Further, a substantial part of the increase of 50 per cent in the prices of industrial products is itself due to the sharp rise of over 100 per cent in the prices of agricultural commodities. This is because Indian industries, unlike American and German industries, are heavily dependent on agriculture for their basic raw materials. For example, the price of cotton has increased by 47 per cent in the last three years alone. Again, the sharp increase in food prices dominates the consumer price index to which wages are linked in many industries. Thus, higher food prices result in an increased cost of living index and that leads to increased wages and increased cost of industrial products. In short, the facts are that agriculture is mainly responsible for the inflationary spiral, and the agricultural sector is permitted to increase prices without any control from the Government and without bearing any income tax burden. This shows how completely divorced from facts and realities is the myth propagated by wily politicians year after year that business and industry are "gently spared" in India.

Instead of the unprecedented additional tax burden of Rs 220 crores, there are four ways in which the estimated deficit of Rs 397 crores would have been met.

First, India should pursue the modern fiscal policy adopted by all progressive countries, which is to make revenues grow, not by increasing tax rates but by making incomes grow and the gross national product grow. In other words, tax revenues must be made self-generating and buoyant

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by expanding the industrial and agricultural base.

Secondly, the Government should teach by example the virtue of economy. There is ample room for saving, without sacrificing efficiency, in the defence expenditure of Rs 1,240 crores, and the mounting civil expenditure.

Thirdly, the investment of Rs 3,902 crores in the 85 enterprises in the public sector is expected to yield a profit of only Rs 51 crores in 1970-71, i.e. a profit of 1.3 per cent. It is imperative that the public sector should be energised and invigorated into yielding a reasonable return.

Fourthly, although agricultural income tax is not a subject within the competence of the Union, there is a constitutional way in which the Union can effectively induce the States to levy agricultural income tax, so that the burden of direct taxation may be shared alike by citizens in the same income brackets in the urban and rural areas. There are various grants and allocations which are in the discretion of the Central Government under the Constitution, and the discretion should be so exercised as to favour those States which raise revenues from the agricultural sector.

The founding fathers of our Republic conceived India as the dwelling of the spirit of liberty, where social justice would prevail and the nation would be enriched by the enterprise and labour of its citizens. It is the cardinal principle of social justice that labour and enterprise should be fairly rewarded. But our fiscal policies make this country fit only for black-marketeers, tax-evaders and politicians to live in.

If this year's Budget is any indication of the future pattern of the policy of the Government, its invisible social cost is sure to be a further debasement of the nation's character, debased as it is even now; and a nation without character is a nation without a future.

Instrument for reducing disparities

By Manubhai Shah

THE new Budget contains several measures which promote the cause of socialism and help reduce the disparities in incomes and wealth. There is not a single proposal in the Budget which can be called anti-socialist. The steep rise in the wealth tax will ensure that, in the next ten years, there would not be any individual whose personal wealth will re-

main even half or one-fourth of its present magnitude. While it is possible to hide incomes and thus continue to remain affluent through black money, the new wealth tax proposals will make it impossible to permit individuals to amass personal wealth and fortunes.

I do hope that household jewellery will include diamonds, precious stones, gold and other ornaments so that the inclusion of household jewellery, so far exempt from the wealth tax, in the new definition of wealth, will not permit any evasion on that account.

A former Union Minister of International Trade, Mr Manubhai Shah, is now a Congress (R) member of the Rajya Sabha.

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The other proposal of a 5 per cent increase in the surcharge on income tax on incomes over Rs 15,000 per year would now put up personal taxation to such a level that nobody would be left with a personal income of more than Rs 5,000 per month. Added to this, there is a clear mention in the Budget of subjecting the incomes to a ceiling of Rs 5,000 per month plus Rs 1,000 per month as perquisites.

As the prongs of economic democracy tighten their hold on the assessors, I do hope that the magnitude of the present evasion will substantially go down. Of course recovery of taxes is easier with the salaried class than with the non-salaried class. But for the non-salaried class with the estate duty, death duty, gift tax, income tax and various types of corporate taxes which would be deducted at the source, the chance of evasion is considerably reduced.

Now the main problem that remains to be tackled is regarding money changing hands, under the table, namely, black money. To this, there is no easy solution except developing a sense of integrity and honesty at the national level, and rigorously punishing the culprits wherever corruption and black-marketing are detected. These measures should be vigorously enforced.

No amount of demonetisation and devaluation of currency can stop the creation and manipulation of black money. Black money has become a real evil throughout the world, more so in poor countries where corruption and graft corrode public life by putting a premium on those who indulge in black marketing. A ceiling on incomes would not create a disincentive because nobody, unless too extravagant, would need more than Rs. 6,000 per month as permitted by the law. The best spending power of an individual cannot normally surpass this limit. Added to this ceiling is the vast amount of patronage and power that control and management of enterprises and business enable the rich people to exercise in a manner that can be taken as an adequate incentive. Here again, a sense of dedication to the nation's welfare and importance of integrity in personal life can alone be the effective safeguards.

Neither the steep rise in wealth tax nor the heavy personal income tax will have any adverse effect on savings. Corporate savings, that is, the undistributed profits after tax, remain totally unaffected by these measures. The incentives offered in this year's Budget and the previous Budgets for directing savings to be invested in the corporate productive sectors are bound to develop healthy trends towards better investment planning and personal and corporate savings.

Regarding personal savings, unless inflationary pressures and rise in prices are checked, they will never get the much required boost. It is in this direction that much remains to be done by increasing production and raising productivity and thus keeping prices and inflation under control. Thus alone can enable people to save.

No amount of structural change is needed in our budgets to further help raising production because the budgets since

independence have had a bagful of incentives for increasing production. After all these years, some incentives like development rebate have got to be reduced or withdrawn. There is enough provision for depreciation in our tax laws. The need of the hour is better management of the economy and improving Government administration. All the infrastructure required for increasing production in the farms and the factories is already there. Human development is the best achievement of our post-independence era in India. Skills, science and technology, management and professions have greatly advanced in our country. What is lacking is a much improved administration that shows efficiency, competence and integrity of a high order. Leadership and competence with integrity at all levels—among ministers, secretaries, heads of public sector corporations—and a revolutionary change in the ethics of private business and industry are the crying need in India today. Unless the private sector and public administration show dynamism and improve appreciably, neither social justice nor growth nor socialism can be accomplished.

The indirect taxes proposed in the Budget will certainly raise prices and there will be a chain reaction. But its impact will be nominal and, if attention is properly paid to increasing production, inflation can be halted. Thus the extent of price rise will be determined by what we achieve in production and productivity.

Unfortunately, the influx of refugees from Bangla Desh is a big problem and it may make 1971 a difficult year for us in spite of the good Budget presented by the Finance Minister. Also unemployment is staggering. These problems can only be tackled with determination and strong will. Performance and performance alone should qualify for top posts. Weeding out of inefficient and corrupt people from all positions of importance and appointment of competent and honest people with high integrity can put the country on the road to prosperity.

As far as the problem of raising resources is concerned, the Budget proposals are in the right direction. Perhaps a few taxes here or there could have been avoided, but when in an inflationary economy such as India's resource mobilisation has to be attempted, nobody can be too selective. The tax on maida and bread should be removed and the tax on petrol should be reduced because these two taxes will impose a burden on the common man.

In my view, the most potential source of tax raising is tobacco and cigarettes. If we can nationalise the tobacco trade and nationalise the cigarette industry and make the tobacco industry and trade a State monopoly as in Japan, we can easily raise an additional revenue of Rs 500 crores to Rs 1,000 crores a year over a period of time by a steep marking up of prices of different varieties of chewing and smoking tobaccos, including *biris* and cigarettes.

There is always a controversy when it comes to taxing agricultural income. I personally believe that, while agricultural income tax may be considered a good measure, real mopping up of the rising incomes from agricultural crops can be only through commodity taxation. Agricultural income tax brings small revenues and involves too much administration and consequent harassment to the peasants. In the case of agricultural crops, excepting food-grains, where the productivity of the land has gone up, it is better for the State to take its share of the increased production through commodity taxation in the form of excise duty on cotton, vegetable oils and fats, monopoly trading in tobacco, higher excise duty on sugar and various other similar commodity taxes.

The deficit left uncovered in the Budget is causing anxiety to many economic thinkers. But in my view, if greater attention is paid to raising production, a budgetary deficit of about Rs 300 crores can be contained in the expansion of our economy without causing a price spurt because the increased production of wage-goods and services would have a strong disinflationary tendency.

Three essential questions

By M. R. Masani

PERHAPS the best yardstick by which to test and assess the soundness of the current Union Budget within the limited space available would be to put three questions concerning the Union Budget and to endeavour, with an open mind, to answer them. First, will the Budget ensure stable prices? Secondly, will it provide a better income to various sections of the people? Thirdly, will it provide more jobs and more employment which are so badly needed?

Mr Masani is former Chairman of the Swatantra Party.

On the first point, there is virtual unanimity in the country that it is an inflationary budget. No argument is needed to prove that prices will rise. Prices have already risen over a wide range of articles, and the proof of the pudding is in the eating.

The answer to the question why this should be so is twofold. The first, of course, is the deficit finance built into this Budget. When Mr Chavan confesses that he is going to place Rs 220 crores of depreciated currency notes into our hands, he is guilty of a gross understatement. The figure is based on the altogether ridiculous estimate of

Rs. 60 crores that it is estimated that the East Bengal refugees are going to cost this country. Why this figure has been put into this Budget it is difficult to guess except perhaps to conceal a much larger dose of disbursement.

Another reason why prices must rise and the cost of living go up is the burden of excise duties on several needs of the common people. Not only will the prices of those particular commodities which are taxed rise but prices of other commodities will also go up in sympathy. The rise in the price of petrol and the increased railway freight will raise the cost of thousands of commodities which are carried by road or rail.

The inflationary character of this Budget will have several disastrous consequences for the economy in the coming months. To start with, they will impose greater hardships on the fixed income groups and in particular the urban middle class which will find its real income, already low, further reduced. A second consequence will be the adverse effect on the process of saving and investment which the absence of a stable currency inevitably produces and therefore on the growth of the economy.

The second question, namely, whether the Budget will increase prosperity or reduce poverty depends on the view one takes of the effects of the additional direct taxation and the use to which Rs 220 crores of additional tax revenues will be put.

The increased incidence of income tax on incomes over Rs 15,000 and of wealth tax and the withdrawal of facilities given to corporate enterprises in the past years such as the development rebate and the concessions to priority industries will adversely affect industry and business, the professional and managerial classes and the entire middle classes in a very direct manner. It may be argued that this will not be very tragic since the tax revenues so realised are to be used for the benefit of the mass of poor people. But that is precisely the rub. Is there any basis for such a supposition? On the contrary, it is now possible to demonstrate that the increases in taxation over the last decade and more have done nothing to enrich the life of the poor or help to reduce the burden of their poverty.

To start with, 67 per cent or two-thirds of the total tax revenues of the Union Government are spent on unproductive, non-developmental expenditure, that is, on the civil and defence services of the Government. The quantum of this expenditure has been going up by leaps and bounds and at a pace which Professor Parkinson was obviously unable to envisage when he enunciated his well-known Law. This non-developmental expenditure of the Government brings no return to the living standards of the people and does nothing to reduce poverty in the country.

The sad thing is that the result of the so-called productive or developmental expenditure is not much more fruitful. The miserable performance of what is inaccurately called the "public sector" but should really be called the Governmental sector is well known. A recent survey made by the Delhi University of Government enterprises in the country came to the following general conclusion: "The

public sector undertakings are overstaffed and managements are slow in taking decisions. . . . In these circumstances, it is hardly surprising that the public sector is not doing well."

Year after year and Plan after Plan, Government enterprises have either made colossal losses or yielded miserable returns and yet in one Five-Year Plan after another these laggards of the economy have been rewarded with larger outlays while free enterprise, which has generally exceeded its targets, has been punished by being denied the wherewithal to expand. This process the current Budget now continues by needlessly trying to push up Plan expenditure which the experience of the past years shows the Government is not equipped to expend effectively. Private savings are in effect being distorted into public consumption.

It is obvious, therefore, that not only will the Budget do nothing to lessen poverty but that, by providing disincentives to growth both by reason of inflation and by diverting scarce resources from more productive to less productive uses through additional taxation, it will add to the poverty of the country. The Finance Minister could not have struck a more sinister blow at the Prime Minister's campaign to remove poverty even if he had deliberately meant to do so.

There remains the third question about the impact of these Budget proposals on the creation of employment. The latest census figures indicate that all the efforts at controlling population have failed to make a dent on the growth in population. There has been a net rise of 24.7 per cent in the past decade. The drop in the birth rate has been imperceptible.

The massive unemployment with which we are faced partly because of the burgeoning population and partly as a result of the disastrous policies followed by the Government during the past two decades after Independence can only be met by an overall increase in the production of goods and services. There is no other way of creating jobs. Socialists and communists act, however, as if by giving people doles for unproductive work they create employment, and the Budget acts on that assumption.

A good example of this kind of "employment" was brought to one's notice when one went to prison during the struggle for Independence against the British. I remember more than one occasion when, on being sentenced to "rigorous imprisonment," I was given some coir rope and asked to make coir out of it. When the little pieces of rope were picked apart by us, the process was reversed and we were asked to make rope out of the same coir!

Mr B. K. Nehru, Governor of Assam, in a notable address he delivered at Jorhat early last year, contributed some valuable thinking on this subject:

"It is demonstrable that there are a much larger number of people on the pay roll, particularly in Government offices and in our larger industrial establishments, irrespective of ownership, than required for efficient working of the office or factory. These additional people are not employed. They are receiving unemployment relief at a very high rate at the cost either

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of the tax payer or of the consumer. A person is employed only when he is utilising the factors of production available in his particular environment in the most effective fashion and thereby producing goods or services additional to what would be produced if he were not working. Employment in short means productive employment....

"It follows therefore that there is no such thing as an employment policy taken by itself. A policy which increases the production of goods and services at the maximum possible rate is the policy which leads to the maximum employment."

Unfortunately, it would appear as if New Delhi has not yet got the message.

The woollen manufacturers have already announced that, if this Budget is proceeded with, several woollen mills will have to close down and no doubt several thousand woollen mill workers will become unemployed. But this is only a flea-bite when compared with the employment that would have otherwise materialised but is frustrated by this Budget.

By reason of additional direct taxation and measures like the abolition of development rebate, the shortening of the list of priority industries and the lowering of incentives to such industries, this Budget will prevent a large number of industrial units from coming into existence.

Because it is an inflationary, anti-growth and poverty-oriented Budget, it will create more unemployment in this country. When prices go up, normally people buy less, the demand for and the sale of things goes down. When sales go down, the number of jobs shrinks. This is only too likely to be a process that this Budget will set in train.

When a factory is closed down, a board is put up: "Factory closed". When there are no more vacancies in an existing factory, a board goes up: "No more vacancies". But when a factory that should have come into existence is prevented from doing so, nobody puts up a board outside the non-existent factory: "Sorry, no factory is going up here". But this is exactly what is going to happen under cover during the coming twelve months throughout the country.

It is not as if the Finance Minister could not have allocated funds for projects where employment could have been rapidly created. Instead of increasing the duty on petrol, why did it not strike the authors of this Budget to set aside the revenues obtained from the levy on petrol and diesel oil for the building of roads so that lakhs of jobs could have been created this year? The Reserve Bank of India Bulletin of November 1970 points out that the same investment which would create 18 jobs in the Railways would result in 100 jobs on road building, and that for every crore of rupees invested in roads 10,435 jobs are created. Road building and road transport are the most labour-intensive activity that this country can show. Against over 10,000 jobs per crore of rupees provided by roads,

forestry comes next with 8,000 per crore of rupees, irrigation with 7,000, agriculture and housing with 5,000, while various kinds of industry, big and small, generate less than 2,000 jobs per crore of rupees invested. Thus, for the same level of investment, employment in roads and road transportation can provide five and a half times the number of jobs created on the Railways and slightly more than six times in industry. One wonders whether the Finance Minister and the officials in the Finance Ministry bother to read the Reserve Bank of India Bulletin?

If the answers to the three questions by which it was proposed to test the utility of this Budget are all in the negative, the question arises why there should be persistence in such pointless policies and proposals. That question must be troubling many minds these days. There are certain glaring and significant omissions in the Budget proposals which may perhaps give a clue.

The first of these is the Finance Minister's complete neglect of any measure of economy or any attempt to cut down the massive waste of the taxpayers' money.

Then there is the refusal to accept the truth of the axiom that Mr Macmillan, Chief Secretary to the Treasury in the United Kingdom, enunciated in the House of Commons on May 12 this year when he said: "You cannot successfully milk a starving cow." The current year's Budget proposals in regard to direct taxation show a perverse refusal to agree that there is such a thing as a law of diminishing returns and that it came into operation in India in regard to direct taxation many years back.

Another example of such perverse blindness is to be found in the refusal to understand that, when taxation is carried on beyond a point, the incentive to tax evasion, smuggling and blackmarketing becomes correspondingly strong. Professor Parkinson's book *The Law and the Profits* has evidently taught the authors of this Budget nothing.

Finally, the imposing of an unrealistic ceiling on the salaries and emoluments of industrial and business managers while conveniently forgetting, à la Jagjivan Ram, to impose a corresponding ceiling on the emoluments and perquisites of ministers which, as Mr Dandekar and I established during the last Parliament, amount to Rs 37,000 per month, can hardly be regarded as yet another accident.

One is faced with something of a dilemma. Is it profound ignorance of the laws of economics among those who frame these Budget proposals that makes them so innocent of the realities which are clear to any student of economics? Or is it that the knowledge is there but the concern to remove poverty and increase employment and prosperity is not there and that those who determine these policies place their love of power and their own political careers above the interests of the people? One wonders. It would be difficult, however, to acquit the framers of this year's Budget of both these charges at the same time.

Harsh on employers and employees

By S. Srinivasan

UNLESS otherwise stated the amendments to the Direct Tax Acts by The Finance (No 2) Bill 1971, will come into operation from April 1, 1972 only. There are certain amendments with retrospective effect. They will be pointed out at the relevant places.

Although the restrictions on allowance of (a) remuneration benefit and amenity to directors, to persons holding 20 per cent of voting power in the company, and to relatives of either of the above, and (b) salaries and perquisites to employees, affect the employer, such amendments will have a direct impact on the service conditions of employees. These provisions are discussed here.

In computing the taxable profits of an employer, a limit is imposed on allowance of expenditure incurred on payment of salary to an employee. The limit is Rs 5,000 for each month or part thereof comprised for employment in India. Gratuities are also includible in the limit of Rs 5,000 per month. Similarly compensation paid by an employer in connection with the termination of employment or modifications of the terms and conditions of the employment, is also includible in the limit of Rs 5,000 per month. This is a very harsh amendment. These amendments are not in line with the objective of socialistic pattern of society. Government gratuities are not equally hit by this provision because the Government is not taxable on its income. Only Government corporations are taxable. The bureaucracy has surreptitiously created a wedge between employees of the Government and of Government corporations. Gratuity is a retirement benefit. Contractual obligations for gratuity entered into years ago are all hit, all of a sudden, with the result, that a grave injustice will be done to the employer. The tendency of the employers in future will be to curtail the retirement benefit of gratuity to employees on the ground that the same is disallowed by the income-tax department.

The existing provisions of restricting in the hands of the employer the allowance in respect of perquisites, benefit or amenity to employees continues. Such value of perquisites, benefit or amenity will be allowed up to one-fifth of the salary payable to the employee or an amount calculated at the rate of Rs 1,000 per month, whichever is less. Employees having income taxable as salary up to Rs 7,500 per annum are not affected. Hereafter, payments by an employer through a provident fund other than a recognised provident fund or an approved superannuation fund, to effect an insurance on the life of the employee

or to effect a contract for an annuity, will also be taken into account in the limit of Rs 1,000.

Hitherto discretion is left to the income-tax officer without any ceiling limit to allow deductions in the hands of a company for expenditure incurred by it on the provision of any remuneration or benefit or amenity to (a) a director, or (b) a person who holds 20 per cent or more of voting power in the company, or (c) to a relative of a director or of such substantially interested person, if he considers it neither excessive nor unreasonable, having regard to the legitimate business needs of the company and the benefit derived by or accrued to it from the expenditure. In the same way expenditure or allowance in respect of any assets of the company used by any of these three categories of persons, either wholly or partly for their own purposes or benefit, is also allowed by the income-tax officer if in his opinion it is neither excessive nor unreasonable. It is now proposed to amend this provision by fettering the power of the income-tax officer to an overall ceiling limit of Rs 72,000 in a year in respect of any person falling in the above three categories.

It may be mentioned here that this limit of Rs 72,000 includes company's contribution to provident fund, or an approved gratuity fund, medical expenses, travel concessions or passage moneys or the value of any free or concessional passage, etc. In other words, the position of allowable remuneration to these three categories is worse than the position of employees. A doubt arises whether the word "person" in the expression "to a person who has a substantial interest in the company", refers to a living individual only or includes a juridical person also such as a company. If the connotation of the word "person" in that context includes juridical persons also, then it would include even a limited company which has 20 per cent or more of the voting power in the paying company; and any payment to that shareholding company in the form of a selling agency commission or other fees for services will be hit by the ceiling of Rs 72,000.

The reference to a "relative of such person" in that section indicates that there can be a "relative" to an individual only and, therefore, the word "person" should mean individuals only and not all juridical persons. In that view of the matter, it appears that a limited company holding 20 per cent of the voting power in another company and receiving selling agency commission or fees for acting as selling agent or consultant of the latter company and may not be hit by this ceiling of Rs 72,000. However the matter is not free from doubt.

The surcharge is increased from 10 to 15 per cent in all cases where the total income exceeds of Rs 15,000. Where the total income is Rs 15,000 or less the rates of taxes remain unchanged. Even in the case of co-operative societies, registered firms and local authorities, the rate of surcharge is increased from 10 per cent to 15 per cent. Deduction of tax from salaries and payment of advance tax should be at these new rates. This has to be borne in mind while computing advance tax.

The increase of surcharge from 10 per cent to 15 per cent raises the marginal rate of personal taxation from 93.5 per cent to 97.75 per cent on every rupee of income above Rs 2 lakhs.

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The following is the comparative table of deductions available from the total income for such long-term savings.

	1971-72 asst. deduction allowable	1972-73 asst. deduction allowable
For long-term savings		
Up to Rs. 1,000 ..	60%	100%
Between Rs. 1,001 and Rs. 5,000 ..	60%	50%
Between Rs. 5,001 and Rs. 15,000 ..	50%	40%

The monetary limit of Rs 30,000 for long-term savings in respect of Hindu undivided family remains unchanged.

The income derived from certain specified financial assets which is exempt from tax up to an aggregate amount of Rs 3,000 is now restricted to individuals and Hindu undivided family only. The list of such financial assets is, however, enlarged to include deposits with any co-operative society made by a member of the society.

The allowance of conveyance expenditure for employment is increased from Rs 35 to Rs 50 per month to those who do not own any vehicle and, Rs 60 to Rs 75 per month to those owning a motor-cycle, scooter or motor.

Higher capital gains tax is payable in future. Out of the excess over the basic limit of Rs 5,000 65 per cent of long-term capital gains relating to lands and buildings will hereafter be included in the total income, instead of 55 per cent hitherto. In the same way, the proportion of long-term capital gains relating to other capital assets, includible in the total income is increased from 35 per cent to 50 per cent.

At present, where the net wealth is more than Rs 1 lakh for individuals and Rs 2 lakhs for Hindu undivided families, no rate of tax is fixed for the first slab of Rs 1 lakh for individuals and Rs 2 lakhs for Hindu undivided family. Hereafter, that initial exemption is taken away. This has the effect of subjecting every rupee of net wealth to tax provided the taxable net wealth is more than Rs 1 lakh in the case of an individual and more than Rs 2 lakhs in the case of a Hindu undivided family. This has the effect of increasing the wealth tax ranging from Rs 1 to Rs 900 up to the net wealth of Rs 5 lakhs. Beyond that, the increase in tax is Rs 980 up to Rs 10 lakhs. Beyond Rs 10 lakhs the increase in tax is Rs 970 up to a net wealth of Rs 15 lakhs. Assessee having net wealth in excess of Rs 15 lakhs have to pay hereafter wealth tax on the excess over Rs 15 lakhs at the rate of 8 per cent instead of (a) 4 per cent up to the limit of Rs 20 lakhs and (b) 5 per cent in excess of Rs 20 lakhs (which were the slab rates applicable hitherto). This is in addition to the additional wealth tax of Rs 970 payable on the portion of Rs 15 lakhs net wealth. For those whose net wealth is in excess of Rs 15 lakhs the annual burden of wealth tax has gone up substantially.

In addition, an assessee whose net wealth includes urban assets, should pay extra wealth tax of 5 per cent to 7 per cent on such urban assets depending upon whether the value of the urban assets is between Rs 5 lakhs and Rs 10 lakhs or above Rs 10 lakhs. The marginal rate of wealth tax thus works out to 15 per cent on urban assets. Over a period of six years, these assessee either have to borrow an amount equal to the value of the urban assets to

pay the wealth tax or should gift the urban assets to the Government. If the property is not an urban asset then over a period of 12 years, the asset has to be gifted away to the Government or the assessee has to borrow amounts equal to the value of the asset to pay the wealth tax. One wonders why the Government should torture assessee who are having wealth of this order by slow degrees. The Government can as well impose a wealth tax of 100 per cent above a limit of Rs 15 lakhs so that the assessee can once for all make up their minds and donate their wealth to the Government.

Up to the 1971-72 assessment an assessee can gift properties to his spouse and minor children and shed his wealth tax liability thereon. Of course on such gifts whatever gift tax is payable was required to be paid. Hereafter if he makes such gifts the assessee carries the liability of the wealth tax in addition to the gift tax on this gift. The reason given for this in the Explanatory Memorandum to the Finance Bill is absolutely unconvincing. To say that in the 1964-65 assessment the gift tax rates were heavy and hence when an assessee gifted property to the spouse and/or minor children, the gift tax incidence was heavy thereon and the Government did not desire to burden the assessee with wealth tax on such transferred assets also in view of high incidence of gift tax but that the said situation has been changed since gift tax rates have been brought down and hence the Government desires to switch back to the original pre-1964 scheme, is hardly convincing.

Even now the incidence of gift tax is very heavy. If it is the opinion of the Government that a payment of 50 per cent of the gift tax will enable an assessee to shed the wealth tax burden on the asset transferred to the spouse and minor children, then should not option be given to assessee to choose that alternative. It is therefore desirable that such an alternative should be provided in the Act.

Consistent with the amendment made in the provisions of section 64 of the Income-tax Act for treating the share of the spouse and minor children (other than the married daughters) in the converted property as the property of the transferor in a case where an individual being a member of Hindu undivided family impresses his self-acquired property with the character of joint family property, the provisions of the Wealth Tax Act are also amended now. In all cases where an individual has impressed after December 31, 1969, his self-acquired property with the character of joint family property, the proportionate share of his spouse and the minor children other than married daughters in the converted property will be aggregated with the net wealth of the transferor for the purposes of wealth tax assessment.

It is now legally provided that in a co-operative housing society, the members of the society to whom a building or part thereof is allotted will be regarded as owner of that building or part for the purpose of wealth tax irrespective of whether the flats belong to the members or to the society. While determining the value of such building or part for inclusion in the net wealth the value of any outstanding instalment of the amount payable by the member to the society towards

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cost will be deducted as a debt owed by him.

Accordingly, the net value of the flat viz, the difference between the market value and the discounted value of the outstanding instalment towards cost of the building will be treated as value of the flat for inclusion in his net wealth and if it is used as a residential house by him he can claim exemption thereof up to Rs 1 lakh in the computation of net wealth. It is also clarified that if deposits are standing to the credit in the books of the co-operative society as his share in the cost of construction of the flat, this deposit will not again be included in his net wealth since the net value of the house or flat is already included.

With retrospective effect from April 1, 1963, it is now proposed to take away exemption from tax on jewellery held by an assessee for the personal or household use. The decision of the Supreme Court in the case of Arundhati Balakrishna is now nullified by this amendment. While taking away exemption for jewellery, the Government does not wish to give exemption up to Rs 25,000 in value for jewellery which existed up to the 1962-63 assessment. To deny even this basic exemption will hit very hard the lady assessee. After all it is a custom in our country for ladies to use jewellery as ornaments of daily use. This social custom should be recognised and a basic exemption up to Rs 25,000 which existed till the 1962-63 assessment should be continued.

Under section 35 of the Wealth Tax Act the AAC or the commissioner or the tribunal has to rectify the orders passed by them if their orders are not four years old, withdrawing the exemption given by them for jewellery kept by an assessee for the personal or household use. In the same way, the WTO has to withdraw the exemption given by him in any order of assessment for such jewellery, if such order in which the exemption was given is not more than four years old.

This is on the basis of the decision of the Supreme Court in the case of Venkatachalam vs Bombay Dyeing, reported in vol. 34 ITR, page 143. In that case the Supreme Court held that if a subsequent legislation comes with express retrospective effect, what is a mistake in the light of such retrospective legislation may be rectified as a mistake apparent from the record. The Court's argument was that applying the well-established principle that full effect must be given to a statutory fiction and that it should be carried to its logical conclusion, it is the amended law which must be held to have been in force at the time when the order sought to be rectified was passed. The WTO has also power under section 17(1) (b) to reopen the wealth tax assessment within the four-year time limit from the end of the concerned assessment year to withdraw this exemption of jewellery.

From the 1972-73 assessment onwards an enlarged meaning is given to the term "jewellery" so as to include (1) ornaments made of gold, silver, platinum or any other precious metal or any alloy containing one or more of such precious metals whether or not containing any precious or

semi-precious stones and whether or not worked or sewn into any wearing apparel and (2) precious or semi-precious stones whether or not set in any furniture, utensils or other article or worked or sewn into any wearing apparel

Thus "wearing apparel" in which any ornaments made of precious metals or any precious or semi-precious stones are worked or sewn will have to be split up in value between the ornaments and precious stones value, on the one side, and apparel value on the other side, and the ornaments value has to be included in the net wealth. Further, furniture, utensils or other articles which are either made of precious metals or which contain, either by way of embedding or covering, or otherwise and any precious metals or alloy containing one or more precious metals will cease to be considered as articles held for personal or household use and consequently their whole value will be liable to be included in the net wealth of the assessee. This also comes into force from the 1972-73 assessment

Motor cars and other mechanically propelled vehicles or aircraft and boats kept for personal or household use will hereafter be exempt upto the aggregate value of Rs 25,000 only under the Wealth Tax Act. This is also effective from the 1972-73 assessment

Exemption from wealth tax is hitherto available without any limit to the value of shares held in any company established with the object of carrying on an industrial undertaking in India where such shares form part of the initial issue of equity share capital after March 31, 1964. The exemption is available for a period of five years commencing with the assessment year next following the date on which such company commenced the operations for which it is established. This exemption is now not available to the initial issue of equity share capital made after May 31, 1971 (Such non-exempt shares will however be includible in the limit of Rs 1,50,000 up to which certain financial assets are exempted from wealth tax). It may be clarified that those initial issues of equity share capital made before May 31, 1971, will continue to enjoy the exemption as at present without any limit for the period of five years mentioned above

The list of financial assets whose aggregate value not exceeding Rs 1,50,000 is exempted from wealth tax is enlarged. In future the list will include shares in a co-operative society and deposits made by members of a co-operative society with the society. These are apart from the deposits with co-operative housing society by a member made for a building or part thereof allotted to him.

Hereafter the discretionary trusts are not eligible to the exemption of Rs 15 lakhs for investment in financial assets. It may be clarified that in all other cases the exemption up to Rs 15 lakhs in aggregate for the investments in certain approved financial assets will continue. Of course even amongst the discretionary trusts (a) the testamentary trusts, (b) non-testamentary trusts created before March, 1970 bona fide for the benefit of the relatives of the settlor, and (c) provident, gratuity, superannuation and pension funds continue to enjoy exemption up to Rs 1.5 lakhs investment in financial assets.

BUDGET REACTIONS

Setback to industrial sector

From Our Correspondents

THE apprehension entertained by business and industry that the current year's Budget withdrawing certain incentives enjoyed by industry would retard the growth of the economy has now been given concrete expression to by the two central organisations, the Federation of Indian Chambers of Commerce and Industry and the All-India Manufacturers' Organization.

The Committee of the FICCI has expressed the view that the Budget proposals would defeat the very objectives of speedier economic growth and creation of larger employment opportunities. The Working Committee of the AIMO has expressed the hope that the Government could yet review the proposals which are not growth-oriented

The following is the text of the press statement issued by the FICCI

The Committee discussed the budget proposals against the background of the climate that existed in the country for speedier economic growth, of the need to provide larger employment opportunities and to contain prices and improve efficiency. The Committee felt that the massive support which the Government received from the people in the last general elections was a mandate for rapid economic growth matched by increased social justice which could be brought about by augmenting opportunities for jobs and work for every one. It was the considered opinion of the Committee that the budget proposals would fall far short of achieving any of these desirable objectives. In particular they felt that most of the proposals will have the effect of retarding the rate of growth specially in the industrial sector. This will in fact slow down employment generation and make it difficult for new entrepreneurs to set up industries both in the large and small sectors. Price levels will generally rise

The Committee noted that the Finance Minister was faced with a formidable problem of finding resources for larger plan outlay, providing jobs for the increasing number of unemployed people and to meet the situation created by the influx of refugees from East Bengal. He has, therefore, made a massive effort at raising taxes, both direct and indirect, which will yield Rs 286 crores in a full year. Even with this unprecedented tax effort the net revenue surplus will be less than in the previous year which shows that no attempt has been made to economise on non-developmental expenditure. It is only reasonable to expect that when the people are taxed so heavily Government should spare no efforts to exercise economies in their consumption expenditure. States continue to indulge in over drafts. Public sector enterprises, which, by and large, are not making their due contribution to the Exchequer, should be enabled to generate

adequate savings so that such a heavy burden is not placed on the tax-payer year after year.

The Committee feared that the various proposals to step up the incidence of direct taxes by way of increasing the surcharge on income tax from 10 to 15 per cent and steep rise in the wealth tax will drastically reduce savings in the hands of the people and act as a serious deterrent to further investment. While the Finance Minister has emphasised the need for accelerating the tempo of economic activity, instead of providing some tax reliefs which would have made this possible, he has taken away some of the well tried incentives which have stood the test of time and helped the growth of industries. In this connection mention may be made of the reduction in the tax relief for new industrial undertakings and priority industries and also abridging the list of the latter. It is difficult to understand the rationale of removing certain industries, namely, aluminium, motor trucks and buses, cement and refractories, soda ash, petro-chemicals and automobile ancillaries from the priority list. In the case of the remaining priority industries the special tax exemption has been reduced from 8 to 5 per cent of their profits.

Hitherto profits up to 6 per cent of the capital employed in a new industrial undertaking were entitled to tax exemption for a period of five years and capital employed included debentures and long-term borrowings. These are now proposed to be excluded. This relief to new industrial undertakings was intended to make them viable during the initial gestation period. These measures, apart from raising the effective rate of corporation tax, will also have the effect of up setting the repayment of loan liabilities by these companies. The consequences can be quite serious in many cases.

The Committee apprehended that the notice for withdrawal of developmental rebate from May 1974 will have the immediate effect of checking the pace of industrial development. The projects which may be planned now, under the existing conditions, will easily take three to four years, if not more, before they can be actually set up. The notice, therefore, in effect means that development rebate will no longer be available to industrial schemes which may be under contemplation now. Development rebate has been a very salutary measure and has helped substantially industrial development of the country. It took care at least partly, of appreciation in the cost of plant and machinery for the purposes of replacement, rehabilitation and modernisation. This feature of development rebate was highlighted when it was introduced in 1955.

The Committee felt that the country has yet to go a long way on the road to industrialisation and the withdrawal of development rebate, which indeed is a part of the tax structure of most of the countries in one form or another, will give a serious set back to our industrial growth. The whittling down of the tax incentives mentioned above will affect small and large-scale industries alike and also act as disincentives to foreign investors.

The rates of personal income tax and wealth tax have been made expropriatory even at low levels of income and wealth. Apart from taking away the incentive to

work, save and invest, it will also affect the tax payer compliance. It is unfortunate that the experiment of enhancing the revenues by reducing the rates of tax and giving a fillip to the economy has not been tried.

The proposal for a ceiling on deductible remuneration of employees will further add to the tax burden of companies. It has not been appreciated that managerial talent cannot grow unless adequately remunerated, commensurate with the responsibility. The burden of all disallowances in the companies in the computation of income ultimately falls on the large class of small shareholders. Besides, the virtual ceiling on remuneration may start a new process of brain drain.

The rationalisation of the structure of import duties has to be viewed in the context of its effect on costs. The imposition of levies on copper, zinc and lead are instances in point. The impact of sharp increase in import duty on staple fibre from 25 per cent to 100 per cent *ad valorem* does not seem to be well conceived. It was only recently that Government allowed imports of sizeable quantities of viscose staple fibre to meet the acute shortage of cotton in the country. It should be noted that staple fibre is being used in our country as a substitute for cotton, the production of which has fallen substantially in the current year. Similarly the imposition of high import duty on raw wool, coupled with an increase in the incidence of excise duty on wool tops, will affect the woollen industry. As for excise duties, the Committee hope that the levy on maida and motor spirit which would affect all classes of people will be substantially reduced.

The following is the press statement issued by the AIMO:

The Working Committee of the AIMO discussed the budget proposals in the light of the ruling party manifesto and the climate that existed in the country for industrialisation and a speedy economic growth. As the budget is an important instrument to pursue economic policies it was expected that the budget will be growth, production and savings oriented (as it was last year) and will create substantial additional opportunities for employment and there will not be such tax measures as are inflationary. The AIMO hopes that the proposals which are not growth oriented will be reviewed by the Government.

The AIMO fully realises that the Finance Minister had a difficult task to find out resources to meet the unexpected expenditure due to the influx of refugees from the East Bengal and to ensure growth of the economy through larger production and employment opportunities. The Finance Minister has proposed measures to levy additional taxes to yield Rs 286 crores in a full year. This level of additional taxation in one fiscal year will be much larger than the levy in any one of the previous years.

The AIMO feels that along with the new tax proposals there should also be adequate effort for economising in the non-plan expenditure and to improve the efficiency of public sector projects so that they can generate resources for financing their development and also can provide savings to the exchequer, thereby reducing the need of additional tax measures. In 1970-71 bud-

get proposals the dividends etc. received from commercial and other undertakings are budgeted at only Rs 21 crores on a capital investment of Rs 3,613 crores.

The AIMO also feels that the Government should consider ways and means to finance larger percentage of the capital outlay from non-tax measures by raising the additional loans and increasing Governmental savings.

The increase in the plan outlay by Rs 300 crores over the actuals of 1970-71 and provision of Rs 25 crores for providing employment to the educated unemployed are the steps in the right direction but unless the growth in the private sector is also encouraged, the rate of growth of the economy is difficult to be accelerated.

The budget proposal has changed the definition of capital for the purpose of calculation of 6 per cent profit exempt from tax in the first five years for new industrial undertakings. Now, it is proposed to exclude long-term borrowings and the debentures from the capital base. As the equity capital plus preference capital normally account to one-third of the capital employed in new projects, the proposal will be tantamount to reducing the tax incentives for new enterprises to one-third. This will greatly hamper the growth of new industries and will also discourage new entrepreneurs. Further with the standard rate of corporate tax remaining unchanged with the effective rate of tax going up, the repaying capacity of industries of loan taken from the financial institutions will go down and it will be very difficult for most of the concerns to repay within a period of 10 to 12 years—the period which is generally insisted upon by the long-term lending institutions.

The Finance Minister has also given a notice that the development rebate reserves will be withdrawn from 31st May 1974. It is contended by the Finance Minister that the withdrawal of the development rebate reserve after May 1974 will "quicken the pace of investment in the remaining years of the Fourth Plan". However, it appears that this withdrawal will have immediate adverse effect on the growth of new industries.

The investment decision taken up now for new projects normally will take more than three years before plant and machinery can be installed as it often takes unduly long time in procuring industrial licence, finalising financial arrangements and getting import licences for plant and machinery. Therefore, it is very unlikely that on the basis of investment decision taken now, industries can take the advantage of development rebate reserves.

Therefore, the AIMO urges the Government to reconsider the proposal of withdrawing development rebate reserves. It is in the interest of the country that the development rebate reserve should be continued beyond May 1974. The development rebate is available in many countries for modernization, expansion and giving relief to industries due to rise in replacement cost in different form of investment allowances, outright capital grants and/or free depreciation allowances.

The AIMO fears that the proposals to step up the rate of surcharge in case of individuals from 10 per cent to 15 per cent

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at the level of income of Rs 15,000 will create greater hardships to the middle income group persons, would adversely affect their savings capacity and discourage foreign technicians coming to India. With the continuous rise in the prices, the income of Rs 15,000 is rather too small to be taxed heavily and the additional surcharge, if at all to be levied, should be at the level of income of Rs 40,000. The income group between Rs 15,000 and Rs 40,000 is really the emerging class of investors and entrepreneurs who instead of being penalised should be encouraged in the genuine interest of dispersal of ownership of industries.

The fixation of a virtual ceiling of Rs 5,000 for salary including that of directors and Rs 1,000 for perquisites will discourage the process of professionalisation and it is likely that exodus of talented personnel—technical and managerial from India will accelerate. This is particularly so as even in the developing countries of Africa and Asia the net salary limits are much higher than those in India.

The AIMO is deeply concerned that the import duties in almost all cases have been revised upwards in the guise of rationalisation. The imposition of import duty of 30 per cent to 40 per cent on non-ferrous metals and increase in the rates of import duty on other raw materials will raise the cost of production of a large number of products. The sharp increase in the import duty on staple fibre (excluding yarn) from 25 per cent to 100 per cent also seems unwarranted when the staple fibre is being used as a substitute for and in blend with the cotton, which is in short supply.

The increase in excise duties on a large number of consumer items and semi-manufactures and manufactured products will have an inflationary effect and needs review. The industries whose prices are controlled will be hard hit.

OTHERS

Mr Bhasker Mitter, President, Associated Chambers of Commerce and Industry of India: As part of the aim of promoting social justice, the steps which Mr Chavan outlined to combat tax evasion and generally tighten tax administration merit full support. But the main taxation proposals are most disappointing in that they not only fail to encourage rapid economic growth but serve in a large measure as a hindrance to it.

Mr Harish Mahindra, President, Indian Merchants' Chamber: The stepping up of the rates of capital gains tax and surtax on profits of companies, the reduction in the list of priority industries and the discontinuance of development rebate after 1974 will work as disincentives for further growth and expansion.

Mr Rasiklal M. Mehta, President of the Andhra Chamber of Commerce: Though the Budget is a balanced one in the socialist context the economy and the common man will be affected by the increase in excise duties and prices will be pushed up.

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The corporate tax measures might retard corporate activity and capital formation.

Dr B. N. Ghosh, President, Bengal National Chamber of Commerce and Industry: The Budget contains hardly any surprises. While the increase in taxes was anticipated, its volume could have been reduced if the Government had effected economy in non-productive expenditure and increased efficiency in administration and public sector undertakings.

Mr R. P. Goenka, President, Indian Chamber of Commerce: It is a progressive Budget and is good for the common man.

Mr M. L. Apte, President, Maharashtra Chamber of Commerce: The surtax on corporate sector has been raised when the economy is showing signs of recovery. This is not a growth-oriented Budget. The list of priority industries has been surprisingly curtailed to a great extent. The step to tax foreign travel will be a disincentive to export.

Mysore Chamber of Commerce and Industry: The new excise levies are bound to affect the cost of living and lead to demands for higher wages. The enhancement of surcharge on incomes and increase in import duties would act as disincentives for increasing the production and creation of employment opportunities.

Mr Ramesh Chandra Lahot, Vice-President, Federation of Andhra Pradesh Chambers of Commerce and Industry: Contrary to expectations the Budget is neither employment-oriented nor development-oriented. It is highly inflationary.

Mr A. M. Ramaswamy, President, Southern India Chamber of Commerce: The ceiling on company executives' salary, coupled with the steep increase in wealth tax, may affect the country getting the best professional and managerial skills.

Mr R. K. Sawhney, President, Kashmir Chamber of Commerce and Industry: The Budget will hit very hard the middle income group, which is already out of pocket at the present level of prices. It offers no incentive to the fixed income group to save nor does it offer any incentives to industrialists to generate capital.

Mr G. C. Patnaik, President of Orissa Chamber of Commerce and Industry: The Budget proposals, though they affect mainly the middle and upper and middle class and well-to-do people, will not provide any benefit for the poor or weaker sections of the community. Nor would they help economic growth or employment.

Mr Bhaskar Kakatkar, Secretary-General, the Indian Cotton Mills Federation: The imposts on cotton textiles were unexpected in view of the already heavy burden placed on the industry. It is not clear if the industry will be in a position to absorb the additional levies. The consumer may have to pay "slightly more."

Mr S. R. Damani, Chairman, Millowners' Association, Bombay: The Budget proposals are in keeping with the spirit of

the ten-point programme adopted by the Congress. It is, however, doubtful whether the proposals, taken as a whole, would act as an incentive to production and investment. The increase in additional excise duty on cloth will add to the burden of the common man.

Mr Jayantilal Bhikhabhai, President, the Ahmedabad Millowners' Association: The increased surcharge on profits will be tantamount to penalising efficiency. This is not a production-oriented budget.

STOCK EXCHANGES

Mr Laldas Jamnadas, President, Bombay Stock Exchange: It is a matter of regret that many good steps such as wealth tax exemptions in respect of shares of new companies and investment in industrial securities upto Rs 1.5 lakhs have been withdrawn. The steep increase in capital gains tax and wealth tax and the enhanced surcharge on income tax would act as disincentives to savings vitally required for capital formation.

Mr Mahendra Chandulal, President, Ahmedabad Stock Exchange: There is nothing in the Budget that can provide incentive to the capital market. It will not help in increasing the production of industrial units in the country.

Mr A. V. Sheth, President, Calcutta Stock Exchange: The proposals could have been more harsh in view of the large estimated deficit of Rs 397 crores against Rs 240 crores in the interim Budget. Although fresh taxes proposed are heavy, the adverse impact has been largely softened through a prudent distribution between direct and indirect taxation.

Mr M. Sankaran, President, Madras Stock Exchange: In raising as much as Rs 132 crores as indirect taxes, Mr Chavan has only added to the inflationary factors.

Mr L. S. Venkaji Rao, President, Bangalore Stock Exchange: The Union Finance Minister has made sincere efforts at speeding up economic development of the nation. It is a welcome feature that he did not choose to cover the whole deficit of Rs 397 crores by levy of fresh imposts. The Budget is definitely employment-oriented. Since excise duties are mostly on luxury items, the common man is not much affected. The withdrawal of development rebate after 1974 is likely to speed up industrial development since industrialists would hasten to take advantage of it before its withdrawal. Increases in wealth tax rates, capital gains and additional surcharge on personal incomes above Rs 15,000 and the imposition of ceilings on executives' perquisites would go a long way in ushering in a socialist pattern of society.

TRADE ASSOCIATIONS

Mr Gulabchand G. Siraj, President, All India Exporters' Chamber: This is a cleverly balanced budget. Exporters should have been exempted from 20 per cent tax on foreign travel. The machinery imported for export-oriented industries should have been exempted from import duty.

Mr P. K. Badiani, Chairman, Silk and Art Silk Mills' Association: The 100 per cent increase in duty on staple fibre will greatly affect the poor weavers and consumers of cheaper varieties of fabrics. It

is difficult to understand why staple fibre has been singled out for such an increase.

Mr R. C. Shah, President, All India Importers Association: The new imposts on textiles and toilet requisites would hit the middle class hard. The transport industry will be affected by the levy on petroleum spirits.

SMALL AND MEDIUM INDUSTRIES

Mr Shriram C. Chokhani, Chairman, Engineering Association of India (Western Region): The Finance Minister could have provided more incentives in the Budget to accelerate the process of growth. The removal of certain industries like aluminium, motor trucks, buses, refractories, automobiles and parts from the priority list will affect the growth of these engineering industries.

Mr H. A. Vora, Vice-President, Federations of Associations of Small Industries of India (Western Region): The Budget proposals have failed to satisfy the aspirations of the small-scale industries. Despite the Federation's plea for differential taxation in favour of modern mechanised small-scale industries, the Government has ignored this just and fair demand.

Mr Chandrakant S. Desai, President, National Alliance of Young Entrepreneurs: On the whole the Finance Minister has handled a very difficult task with caution and restraint. The corporate sector by and large has been left alone, though the withdrawal of development rebate after 1974 may raise several difficult questions.

POLITICAL PARTIES

Mr Morarji Desai (Congress-O): There will be more deficit in the Budget than it has been shown.

Mr K. Manoharan (DMK): The determination to reach the destination of socialism is reflected in the Budget.

Mr Hiren Mukerjee (CPI): It is a petty accountant's Budget rather than a truly radical one.

Mr Atal Behari Vajpayee (JS): There is a massive burden on the common man. The Budget has gone against election promises of "garibi hatao." The uncovered gap will lead to a further price rise.

Mr Jyotirmoy Basu (CPM): On the whole the incidence of Budget levies will go to the common man. The Budget is another gimmick.

Mr M. K. Mohta (Swatantra): The Budget is not conducive to production in the country. Inflation will not be curbed. Withdrawal of development rebate is a step in the wrong direction.

Mr Gaurey Murhari (SSP): The Budget is most disappointing. All the promises of progressive approach have been belied.

Mr M. R. Dandavate (PSP): Though the Budget is trying to be socialist, its guiding spirit has been just welfarism.

Mr Charan Singh (BKD): Deficit financing in the Union Budget, necessitated by the greater non-productive expenditure, is bound to result in an upward swing in prices.

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EXPORT ANGLE

By Stevedore

Optimistic council

THE Chairman of the Chemicals and Allied Products Export Promotion Council is optimistic that his organisation will be able to show exports of Rs 412 crores during the current financial year. This, despite the fact, that Mr L. M. Jamnadas recognises that certain factors have emerged which are raising hurdles in the way of export effort. The latest is the sharp increase in excise duty on solvent oil which has been raised in the last Budget from Rs 45 to Rs 845 per kilo litre. Mr Jamnadas fears that this is going to affect seriously the exports of a wide range of manufactured products.

Whether in the field of chemicals or elsewhere, the most serious problem facing exporters is the steady and continuous increase in the prices of raw materials. Mr Jamnadas himself has pointed out that prices of raw rubber, cotton cord and fabrics have increased substantially and this development could hit the export of rubber manufactured products, unless the Government does something to bring down the prices of these raw materials to reasonable levels. Also, the exports of paper products, including printed materials and books, has been seriously affected by rising prices of paper and board. The plywood industry, too, is handicapped because of the non-availability of timber, both commercial and decorative, in adequate quantities and at reasonable prices. Mr Jamnadas has done well to point out that the inadequate production capacity is another serious constraint on the exports. Refractories, paper, and glass hollow-ware are among items that do not have adequate exportable surpluses after meeting the domestic demand.

There are other difficulties, too, for exporters. Mr Jamnadas has complained about the delay in fixation of drawback rates and higher prices that the exporters have to pay for items canalised through the STC and MMTC. He is also worried about the delay in receiving supplies from STC and MMTC. The chemical industry like other industries is worried also over the continuous rise in shipping freights which means an additional burden for exports.

However, two favourable developments are emerging. First, is the shift in the developed countries to highly sophisticated and capital-oriented industries because of the sharply rising labour costs. Mr Jamnadas justifiably feels that India could exploit this situation to its advantage by meeting the requirements of developed markets for labour-intensive items. The second possible factor is the emergence of the principle of generalised system of preferences. Such countries as the United States, the UK, Japan, Australia and the member-countries of the EEC have agreed in principle to eliminate or reduce the tariff barriers and other concessional tariff rates on imports of certain selected products from the developing areas. Some of the countries have taken legislative measures for implementation of the tariff preferences. Mr Jamnadas is

convinced that if we could develop a large production base capable of meeting both domestic and export needs and keep our costs of production under control through higher productivity and supply of raw materials at reasonable prices, there will not be any difficulty for selling our products in the overseas countries.

Exports of chemicals and allied products totalled only Rs 148 crores in 1963-64. They went up to Rs 338 crores in 1969-70 showing an average annual growth rate of 21.4 per cent. In 1970-71 a figure of Rs 36.6 crores was reached and it is this encouraging performance which has made the council fix a target of Rs 412 crores for 1971-72. □

Recognition for exporters

AS part of its efforts to promote exports, the Chemicals and Allied Products Export Promotion Council has introduced export awards and badges. The winners of 1969 were honoured at a function last week. Bengal Paper Mills Company and Swastik Rubber Products received special awards for outstanding export performance. Two others, Jintan Clinical Thermometer Company and Madras Rubber Factory, were recipients of awards for outstanding activities in the field of market research and export publicity. Thirteen others—All India Glass Works, Anil Hardboards, Bata Shoe Co, Dr Beck and Co, Greaves Cotton, Hindusthan Pilkington, Hindusthan Safety Glass Works, Jg Glass Industries, Jintan Clinical Thermometer Co, Motilal Banarsidas, Swastik Rubber Products, Vakul and Sons and West Coast Paper Mills—were awarded export badges. These are given to manufacturer-cum-exporters whose export performance is equivalent to at least 10 per cent of their production and who have a minimum export performance of Rs 2.5 lakhs during a particular year. Higher stipulations have been laid down for merchant exporters and export houses. For special awards only those firms which have minimum export performance of Rs 15 lakhs during a particular year and whose export sales have recorded a minimum increase of 25 per cent per annum during the preceding three years are considered. □

Textile machinery inspection

THE Textiles Committee's inspection regulations for textile machinery equipment (components and accessories) for export come into force on August 1, 1971. Eighteen items of equipment will be covered by these regulations. Export of these items without the Textiles Committee's certificate is prohibited.

India is perhaps the only country in the world to frame such regulations to ensure that only quality material leaves its shores. The items covered by the regulations are: Aprons for drafting systems; cots for drafting systems; inserts for spindles of ring spinning and doubling frames; rings for spinning and doubling frames; spindles for ring spinning and doubling frames; paper tubes for ring

spinning and doubling frames; steel travellers for ring spinning and doubling frames; metallic card clothing wire for cylinder, doffer and licker-in; wooden flyer bobbins for speed frames, direct and rewound weft pirns for use in shuttles for looms; picking sticks for underpick looms and overpick looms, wooden cones for winding machines; shuttles for looms, paper cones/cheeses for winding machines, flat steel healds for looms; twin wire healds/inset mail wire healds for looms; pitch bound wire reeds/all metal reeds for looms; pickers for looms.

The Textiles Committee is a statutory body set up by Parliament in 1964 to ensure the quality of textiles and textile machinery produced in the country and to promote research and development activities in the textile industry. The Committee inspects mill-made cotton cloth, yarn, cotton, handlooms like bleeding Madras, Etawah striped bedspreads, and towels, under its compulsory pre-shipment inspection regulations. Voluntary inspection schemes exist in respect of other cotton handloom textiles, rayon and synthetic fabrics, yarn and hosiery, mixed fabrics, ready-made garments and woollen and mixed woollen fabrics, hosiery and garments. □

Export duties

SOME idea about Government's expectations of exports during the current year of traditional items can be had from its estimates of collection of export duties. The Budget estimates for 1970-71 had placed this figure at Rs 55.40 crores but in the revised estimates it was raised to Rs 56.65 crores. The revenue from export duties for 1971-72 is estimated at Rs 58.79 crores. This would suggest that at least in certain items New Delhi expects the exports to go up. A closer analysis would show that almost the whole increase is anticipated from the levy on lumpy iron ore for which the estimates during the current year are Rs 2.20 crores more at Rs 15.40 crores. This is according to the planned targets which provide for a steady rise in iron ore exports during the whole of the Fourth Plan period. Interestingly, the Government expects the revenue from the export duty on manganese ore to decline to Rs 1.63 crores from Rs 2 crores, but there is no clear indication as to whether this estimate is based on lesser volume of exports or change in the quality-pattern of exports. As regards jute manufactures, raw cotton, cotton waste, coffee, black pepper, groundnut oilcake, unmanufactured tobacco, hides skin leather, coir and coir manufactures and mica, the estimates of export duty show no change from the revised figures for 1970-71. But in the case of tea, collections from export duty are expected to come down in 1971-72 to Rs 7 lakhs from Rs 15 lakhs in the revised estimates for 1970-71. □



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Indian Sugar Mills Association

President, Shri S. K. Somaiya's Speech

PROBLEMS AND PROSPECTS OF SUGAR INDUSTRY

EXTRACTS of Presidential address of Shri S. K. Somaiya delivered at the 28th Annual General Meeting of Indian Sugar Mills Association held at New Delhi on 9th June, 1971:

Over the years no other industry on the food front has attracted as much public attention as sugar, leading to a very close and often over-cautious administrative attention. A series of regulatory measures have thus emerged. But there have been frequent changes in policies, however, well-conceived adding to the uncertainties in the working of this seasonal industry.

Sugar has been the most rigidly controlled industry even in periods of decontrol or partial decontrol. No flexibility has been left to the Industry so essential to meet over changing situations.

Background

In the mid-fifties when the industry was free from controls, North Indian factories showed remarkable progress and expansion. When controls were imposed in the North around 1958, and the South was left relatively free, the major growth impulse was witnessed in the latter area whereas the North stagnated. In fact, the control price structure was so rigid that the finance of most of the North Indian units suffered a severe set-back.

A fair price structure is essential for the vitality and growth of this or any other industry. In fact, Government accepted this premises, and rightly so, in the resolution adopting the 1959 Tariff Commission Report which, *inter alia*, stated that the cost of production derived from the schedule and the return on employed capital should be allowed so as to "provide sufficient funds for each unit to meet the commitment under bonus and gratuity, interest on borrowed capital and debentures, dividends on preference shares, managing agents' commission, and income tax and finally leave a residue to a large majority of units in all the regions to declare reasonable dividends."

Despite the well enunciated Government policy the industry was denied a fair return persistently over a period eroding substantially the financial base of many companies.

Further, in the past decontrol was followed in the wake of increased production and satisfactory stock position, with the result that prices generally ruled around or below the fair levels resulting in losses. When, however, prices tended to harden, even by 5 to 10 per cent above the fair price level, controls were hastily reimposed, denying the Industry the opportunity to recoup losses.

Enquiry commissions

The cost schedules evolved by Tariff Commission and other expert bodies in the past left the industry with inadequate funds for servicing the capital, apart from

rehabilitation and modernisation. In addition, 1969 Tariff Commission proceeded on an erroneous assumption and artificially froze the gross block of the industry at 1966-67 level for computing depreciation on "written down value method", ignoring completely the substantial investment which had taken place since at considerably higher costs. Consequently the depreciation provided for in the current schedule was in fact only about half of what it should have been, following well accepted accounting principles. The Tariff Commission, as a package deal also allowed Rs 2 per quintal as rehabilitation allowance. However, the Government accepted the recommendation of the Tariff Commission only in respect of depreciation and ignored the one relating to rehabilitation allowance. Thus, industry suffered on both the counts. Moreover the implementation of the schedules too left much to be desired to the serious detriment of the industry.

Zonal pricing

The price structure thus evolved for many zones cannot possibly be economic as established by empirical evidence and as such majority of units have not been even able to cover their costs and have consequently found themselves in the red. To remedy the situation there should be a built-in element of cost which would make the price reasonable for a large majority of units.

Current scheme

Government makes two price revisions during the year; one at the beginning of the season based on estimate of recovery and duration and the second after the crushing season based on actuals. Unlike previous years, in the 1969-70 season Government did not even announce the final prices taking into account the actual working results and the cost escalations. The entire production was released at the highly uneconomic provisional prices, announced earlier in the season.

A still more distressing situation came to prevail during the current season 1970-71 as the Government did not even determine the provisional rates based on the latest available estimates of sugar recovery for various zones and duration of the season which was expected to be shorter. Besides, the basic costs too had gone up due to various statutory provisions like the implementation of the Second Wage Board Award, higher rates of depreciation under the Income Tax Rules, increased cane freight charges etc.

In certain States, even the local levies had gone up. Debt servicing charges also registered a steep increase due to larger stocks that the industry had to carry for unduly long periods. Prices of consumable stocks and cost of packing too witnessed significant increase.

Government merely continued the provisional rates of the last season 1969-70 during the current season as well and fac-

tories were obliged to deliver sugar only on the basis of notional provisional rates regardless of actual costs.

Lower free sugar realisations

On free sugar, realisations were even lower than levy sugar in most regions during the major part of last year. Discriminatory higher excise duty of 37.5 per cent on free sugar, as against 25 per cent on levy sugar was also a contributory factor as for the same selling price it meant lower realisations of at least Rs 15 per quintal on free sugar. Further, the distress was aggravated due to marked disparities in the stock levels in different regions to the serious detriment of units in the high cost zones.

Stocks and credit

The industry was further faced with the problem of finance. Against its estimated peak stocks worth Rs 450 crores, the industry secured an advance of only about Rs 260 crores leaving a resource gap of Rs 190 crores, with the result that during the months of peak stocks, cane payments could not be maintained despite best efforts. The position was further aggravated due to the imposition of stiffer margins by banks which were later relaxed.

Government spokesmen from time to time indicated that creation of 'Buffer Stocks' as a policy was accepted and details were being worked out. Later Government shelved the idea and the anticipated relief did not materialise.

While facts are so obvious, the industry is almost continuously subjected to uniformed criticism on various counts. The arrears of cane dues has often been cited as an instance, and the case of UP and Bihar is often mentioned. While this is a genuine problem, the position is more or less similar in other States as well. The Units managed by Government or those in the co-operative sector are even worst placed. This under-scores the point that a mere mode of management or ownership does not provide a solution.

Mention may also be made here of the impact of the controls on the general well-being of the industry. Rigorous controls hitherto applied to North Indian factories have since been extended to other States as well. This has adversely affected the performance of the factories in the Southern States, particularly in Tamil Nadu. In this State, the factories had a disastrous season in 1969-70. Almost every unit incurred a loss.

In this context, the appointment of the Sugar Enquiry Commission which has probably the widest terms of reference ever drawn up for any Commission for the industry, under the distinguished Chairmanship of the Ex-Chief Justice of Calcutta High Court, Shri D. N. Sinha is indeed a welcome step. It is hoped that this Commission will deliberate in depth on the fundamental issues responsible for the present health of the industry and put forth highly objective and pragmatic recommendations which could put the industry on an enduring basis and thus impart the much-needed vitality which it so badly needs.

Sugar decontrol

Government's recent decision to decontrol sugar, apparently as an alternative to price increase, came, somewhat, as a

surprise to the industry because the sugar policy is announced at the beginning of the season. The industry is not averse to decontrol. In fact with its abiding faith in the market mechanism it cannot but think in terms of freedom from controls.

Now that decontrol is a reality, the industry is anxious that it should not turn out to be a short-term expediency, and that it would be pursued as a long-term policy. For, any policy at best can prove efficacious over a period of time and only a long-term stable policy can be in the ultimate interest of all concerned.

Price variations

Price variations are a normal feature in a free economy. This should not be viewed critically. The efficacy of the policy of decontrol should not be judged on price variations of minor nature. Market forces should be permitted sufficient time to correct the imbalances.

As for the immediate situation, with sudden change in the pattern of distribution and the large stocks that we have, it is not unlikely that there may be some frequent price fluctuations, as markets will take some time to adjust to the new situation.

To impart the much-needed stability to the country's sugar economy on a long-term basis, it will be necessary for the Government to initiate necessary follow-up measures.

Follow-up measures

(1) Monthly Releases:—This leverage could be effectively employed for maintaining prices at the desired level. The correct criteria for determining the monthly quantum of releases would be the actual off-take during the previous months, with suitable adjustments for festival demands and slack months.

(2) Bank Credit:—After decontrol banks have imposed higher margins of 30 per cent and are valuing sugar at notional rates lower than the market prices. It is necessary that banks revert to the margin of 14 per cent which is the weighted average rate of levy and free sugar as was applicable before decontrol and also value sugar at market rates.

(3) Excise Rebate:—It is essential that suitable incentives are announced well in advance to compensate the factories fully for higher costs on working during the early and latter part of the season during 1971-72. During the current season, some factories are still working at very low recoveries thereby incurring considerable additional costs and they too should be fully compensated through announcement of suitable reliefs.

(4) Cane Freight:—There have been sharp increases in freight rates during the last two years, 35 per cent and 6 per cent respectively. This would render crushing of rail cane uneconomic and thereby affect production. Necessary remedial measures are called for.

(5) Gur Prices:—For ensuring a steady rising trend in sugar production, it is also necessary to stabilise gur prices at an economic level. It is only by maintaining gur prices at an economic level through price support that it will be possible to avoid wide variations in the cane acreage which in turn would ensure a steadily rising trend in production of both gur and sugar.

(6) Cane Prices:—With the decontrol of sugar suitable adjustments in the basis for fixation of minimum cane prices will become imperative to protect the interests of low recovery zones. Further for calculation of individual factories' cane prices, the average recovery for the entire season should be taken into account and the normal statistical method of rounding off should be followed.

(7) Reversal to Specific Duty:—With decontrol of sugar, Government may examine the feasibility of reverting to a specific rate of duty as a measure of simplification and stability and for avoiding any speculative tendency in this regard.

(8) Licensing of Traders:—In view of decontrol licensing of wholesale dealers has lost its original purpose and therefore should be done away with.

New capacity

During the Fourth Plan period, Government have provided for a production target of 47 lakh tonnes and have licensed a capacity of 49.65 lakh tonnes. Government have further relaxed the licensing provisions under which no licence would be required so long as the capital investment did not exceed Rs 1 crore. While such relaxations are generally welcome, it is feared that in the case of sugar, they may tend to distort the planned growth and development of the industry as envisaged by the planners. Government have already excluded half a dozen industries like cotton textiles etc., from the aforesaid

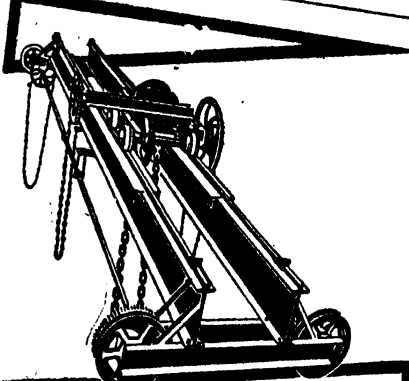
relaxation and sugar should also be included therein.

Sugar exports

With an export of 3.18 lakh tonnes and a foreign exchange earning of over Rs 25 crores, 1970 was a fruitful year in the export field. During the current year too, it has been decided to export the full quantity available under the ISA and the preferential arrangements. Thus the total exports estimated this year are about 4 lakh tonnes, with expected foreign exchange earnings of about Rs 38 crores.

Sugarcane development

Sugarcane is the life-blood of the Sugar Industry. It is only by accelerating cane development work that lasting stability in the industry can be achieved. In the Northern region, the cane productivity is comparatively low and thus the development potential there is the largest, but the progress has been rather slow. The main reason for this has been the lack of an effective organisation to channelise cane development activities. Cane development work in Maharashtra as also in the Southern region has made rapid strides because of the sugar factories' direct involvement in cane development. To improve matters, a certain percentage of the area in the factory zone should be earmarked for the purpose of cane development which should be available to such factories who want to undertake cane development work.



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THE BOARD OF DIRECTORS OF Duncan Brothers & Co., Ltd. have decided to recommend to the Shareholders that the following dividends be declared at the Seventy-second Annual General Meeting of the Company to be held on Tuesday, the 29th June, 1971 at 11.00 A.M. in respect of the year ended 31st December, 1971 :

On Cumulative Preference Shares
Rs 5.20 per share.

On 'A' Redeemable Preference Shares
Rs 7.50 per share.

On Ordinary Shares Rs 12.00 per
share.

Pursuant of Section 154 of the Companies Act, 1956, the Register of Members and Share Transfer Books of the Company will be closed from 22nd to 29th June, 1971, both days inclusive.

By Order of the Board,

B. VENKATARATNAM,

Secretary

CALCUTTA, 4th June, 1971.

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Persons interested in full details may obtain copies of Prospectus and Application Forms from the Company's Registered Office and Underwriters, Brokers and Bankers to the Issue mentioned below.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON MONDAY 21st JUNE, 1971 AND CLOSE AT THE CLOSE OF BANKING HOURS ON THURSDAY, 1st JULY, 1971, OR EARLIER AT THE DISCRETION OF THE BOARD OF DIRECTORS OF THE COMPANY BUT NOT BEFORE THE CLOSE OF BANKING HOURS ON WEDNESDAY 23rd JUNE, 1971.

EXISTING AND PROPOSED ACTIVITIES OF THE COMPANY :

The Company was incorporated in 1967 to manufacture and market duplicating machines, franking machines, addressing machines various other types of office machines, systems, furniture, partitioning and other allied equipment. The Company has already set up a manufacturing unit in Faridabad near Delhi and necessary steps are being taken to expand the current manufacturing facilities.

Roneo Limited, U.K. are the holding Company of this Company and have been engaged in the manufacture and marketing of a large variety of business machines, systems and furniture etc. for over fifty years and have a long and distinguished record of developing and marketing its products in India and its business reputation is well known throughout the country.

Roneo Limited, U.K. will provide such technical know-how as may be required by the Company from time to time free of any cost.

The Company presently manufactures and markets a wide range of business systems, postal/insurance franking machines, steel cupboards, shelving and a few other furniture items. The Company proposes to expand the production of the existing range of franking machines, business systems and furniture and has plans to undertake the manufacture of the latest "Roneo-Vickers" duplicators, photo-copiers, addressing machines and mail room equipments etc.

At present the Company is a wholly-owned subsidiary of Roneo Limited, U.K. This issue is being made with the object of inviting the Indian public to participate in the equity of the Company to the extent of 40 per cent of its capital. For the year ending 30th November, 1970, the Company has declared a dividend of 10 per cent on its Equity Share capital.

Specialised business machines and systems are absolutely necessary for any progressive business or industry. At the moment their use is mostly limited to large industrial and commercial undertakings. The latest type of world-renowned "Roneo-Vickers" business machines and systems — when manufactured in India on a large scale — would in quality and performance be at par with the imported products and yet their cost to the consumer would be less than what the imported ones would cost him. This will enable even the smaller units to install the latest "time and labour" saving machines and systems — thus considerably improving their efficiency and productivity. The Company will be geared to meet the anticipated growing demand through the expansion of its present manufacturing facilities and the setting up of a vast network of its own sales offices, depots, distributors and stockists etc.

The Company has already established branches in Calcutta, Bombay, New Delhi, Hyderabad and Bangalore and anticipates no difficulty in marketing its products.

SHARE CAPITAL :

Authorised	Rs.
10,00,000 Equity Shares of Rs. 10/- each ..	1,00,00,000
Issued, subscribed and fully paid up :	
2,92,500 Equity Shares of Rs. 10/- each have been allotted as fully paid up to Roneo Ltd., U.K., pursuant to a contract without payment being received in cash	29,25,000
110 Equity Shares of Rs. 10/- each fully paid up have been allotted to the subscribers of the Memorandum of Association of the Company as nominees of Roneo Ltd., U.K. ..	1,100
	<u>29,26,100</u>

PRESENT ISSUE :

2,07,390 Equity Shares of Rs. 10/- each for cash at par	20,73,900
---	-----------

OUT OF THE PRESENT ISSUE:

7,390 Equity Shares of Rs. 10/- each have been reserved for allotment at par for cash to Roneo Ltd., U.K. ..	73,900
--	--------

NOW BEING OFFERED FOR PUBLIC SUBSCRIPTION :

2,00,000 Equity Shares of Rs. 10/- each at par for cash	20,00,000
	<u>20,73,900</u>

BOARD OF DIRECTORS :

Sharad Mangesh Nabar,

Chairman.
136 Sunder Nagar, New Delhi-11.
Company Executive.

Satya Pal Ahooja,

Managing Director,
159 Jor Bagh, New Delhi-3.
Company Executive.

Prem Nihar Basu,

36/9 Sahitya Parishad Street,
Calcutta-6.
Solicitor.

William Jamieson Scott,

"Cherry Trees," Sunnydale,
Farnborough Park, Farnborough,
Kent, U.K.
Chartered Accountant.

Robert Winton,

92 Rivermead Court,
London S.W. 6, U.K.
Engineer.

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The entire issue now offered for public subscription has been fully underwritten as follows :

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Place, Siddons & Gough (P) Ltd., 6 Lyons Range, Calcutta-1	2,50,000
Champaklal Devidas, Bhupen Chambers, Dalal Street, Fort, Bombay-1	2,00,000
Harbans Singh Mehta & Co., 33 Regal Buildings, Parliament Street, New Delhi-1	2,00,000
H. P. Mehta & Co., Akash Deep, 3rd Floor, Barakhamba Road, New Delhi-1	2,00,000
Amrit Lal Bajaj & Co., United India Life Building, "F" Block, Con- naught Place, New Delhi-1	2,00,000
Raja Ram Bhasin & Co., Jeewan Mansion, 8/4 Desh Bandhu Gupta Road, New Delhi-5	2,00,000
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M. Nanjappaiah Jahgirdar, 205 Cavalry Road, Bangalore-42	1,00,000
	<u>20,00,000</u>

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Hyderabad and Madras.

Punjab National Bank Ltd.,
5 Parliament Street, New Delhi-1.
Or any of their main offices at Bombay, Bangalore, Calcutta,
Hyderabad, Madras, Ahmedabad and Indore.

BANKERS TO THE COMPANY :

National & Grindlays Bank Ltd.,
10 Parliament Street, New Delhi-1.

Punjab National Bank,
Jor Bagh, New Delhi-3.

SOLICITORS :

Or Dignam & Company,
National Insurance Building (Ashok Road Entrance),
Parliament Street, New Delhi-1.

AUDITORS :

Ford, Rhodes, Parks & Co.,
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feiture in accordance with the Company's Article of Association.

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from the main offices and branches of the Bankers to the Issue
mentioned at the above named places and from the Company's
Registered Office.

Applications may be made only by residents in India and
must be for a minimum of fifty Equity Shares or multiples thereof.
Application forms properly completed must be delivered before
the close of the subscription list together with the full amount
payable on the application to any of the Banks or at their branches
at the places mentioned on the application forms.

BALANCE SHEETS

DIVIDEND UP

Hindustan Aluminium's good results

THERE was an all-round improvement in the working of Hindustan Aluminium Corporation Ltd (Chairman: Mr G. D. Birla, Bombay) during the year ended December 31, 1970. Sales spurted to Rs 50.6 crores from Rs 41.3 crores in the earlier year. The gross profit increased to Rs 11.1 crores from Rs 10.3 crores. The net profit was higher at Rs 7.3 crores (Rs 6.5 crores). In view of the better performance, the directors have stepped up the ordinary dividend by 2½ per cent to 12½ per cent.

The company's gross profit margin works out to 22 per cent against 24.9 per cent. The ratio of net profit to net worth comes to 19.4 per cent (21.9 per cent).

In the year under review, production of alumina increased to Rs 1.69 lakh tonnes from 1.53 lakh tonnes in the previous year. Production of primary aluminium was 78,191 tonnes (72,231 tonnes) and that of properzi rods was 23,264 tonnes (20,868 tonnes). Production of rolled products amounted to 15,922 tonnes (11,162 tonnes) and that of extrusions 4,041 tonnes (2,980 tonnes).

The company has developed good export markets and during 1968 and 1969, 23,956 tonnes of metal was exported, earning Rs 9.35 crores of foreign exchange. However, exports were banned in 1970 and thus only 2,499 tonnes of metal could be exported against prior commitments.

The expansion of production capacity up to 1.2 lakh tonnes was cleared last year and now the first stage of this expansion programme, which will raise the

production capacity to 1 lakh tonnes by the middle of 1972 has already been taken up. As far as possible indigenous machinery and equipment are being ordered or even developed by the company to keep the import content to the minimum.

The second phase of expansion to 1.2 lakh tonnes is scheduled to be completed

(in lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings ..	5242.11	4230.78	3228.68	2490.58
Sales including excise duty ..	5059.08	4130.22	3152.19	2419.92
Other income ..	178.59	124.26	81.87	14.81
Stock adjustment (of finished goods) ..	+6.44	-23.76	-5.38	+55.85
Opening ..	47.57	71.32	76.70	20.85
Closing ..	54.01	47.57	71.32	76.70
Total expenses ..	4128.56	3200.91	2567.28	1934.77
Materials and stores ..	1816.76	1168.13	892.49	727.83
Salaries and wages ..	265.16	228.87	202.87	145.27
Excise duty ..	1086.50	705.62	518.45	350.64
Other expenses ..	1400.76	1100.79	953.46	711.03
Gross profit ..	1113.55	1029.82	661.32	555.81
Depreciation ..	381.66	364.56	346.65	279.19
Managing agency remuneration ..	—	18.95	1.76	2.08
Profit before tax ..	731.89	646.31	313.01	274.54
Taxation ..	0.36	—	—	—
Profit after tax ..	731.76	646.31	313.01	274.54
Development rebate ..	38.00	400.00	55.00	75.00
Other reserves ..	552.63	120.50	141.27	108.18
Dividends:				
Preference ..	46.72	45.49	36.42	36.42
Ordinary ..	100.40	80.32	80.32	59.94
	(12½%)	(10%)	(10%)	(10%)
Market prices of ordinary shares (in rupees) ..				
High ..	49.50	40.25	25.78	29.50
Low ..	29.12	24.37	15.87	17.31

by the end of 1973. Application for Industrial licence for expansion of fabricated items by 23,000 tonnes has been submitted

to the Government and it is being processed. The company has made a contribution of Rs 20 lakhs during the year under review to Birla Institute of Technology and Science, Pilani. From time to time technical problems faced by the company are referred to the Institute. □

Amar Dye-Chem

A MAR Dye-Chem Ltd (Chairman: Mr A. K. Doshi, Bombay) had an excellent performance in the year ended December 31, 1970. Sales rose to Rs 10.1 crores from Rs 6.7 crores in the previous year. The gross profit was Rs 2.3 crores (Rs 1.3 crores). The net profit, after depreciation and taxation, amounted to Rs 84 lakhs (Rs 45 lakhs). The ordinary dividend has been stepped up by 4 per cent to 14 per cent payable on the increased capital. During the year under review, the ordinary subscribed capital of the company was raised from Rs 1.32 crores to Rs 1.45 crores by the issue of bonus shares in the ratio of one for ten.

The company's gross profit margin works out to 22.6 per cent against 20.1 per cent. The ratio of net profit to net worth comes to 26.7 per cent (17.2 per cent).

In the year under review K.C.A. Private Ltd has become a subsidiary of the company and it would be wholly owned by Amar Dye-Chem. The company

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings ..	10,44.46	708.24	548.98	487.80
Sales including excise duty ..	10,10.33	671.34	565.74	475.53
Other income ..	11.84	7.90	6.57	7.57
Stock adjustment (of finished goods) ..	+21.69	+24.00	-23.33	+4.50
Opening ..	67.73	77.73	67.08	62.68
Closing ..	89.42	67.73	43.73	67.08
Total expenses ..	816.21	568.48	468.27	416.99
Materials and stores ..	404.76	277.98	212.59	198.84
Salaries and wages ..	84.02	60.95	50.51	45.50
Excise duty ..	94.42	63.16	63.35	49.99
Other expenses ..	233.01	166.43	142.49	128.25
Gross profit ..	228.25	184.76	80.71	70.61
Depreciation ..	65.38	44.10	37.82	35.56
Managing agency remuneration ..	—	5.74	3.69	3.22
Profit before tax ..	162.87	84.92	39.70	31.53
Taxation ..	78.50	39.50	16.80	15.20
Profit after tax ..	84.37	45.42	22.90	16.33
Withdrawals from reserves and write-backs ..	0.31	7.45	3.98	2.87
Development rebate ..	20.08	11.45	11.88	5.70
Other reserves ..	38.59	26.46	—	4.62
Dividends:				
Preference ..	1.71	1.71	1.71	1.71
Ordinary ..	29.08	13.20	15.20	7.90
	(14%)	(10%)	(10%)	(6%)
Carry forward ..	—	0.04	0.01	0.01
Market prices of ordinary shares (in rupees):				
High ..	282.50	188.75	145.00	175.00
Low ..	147.50	127.50	116.25	126.25

has entered into a technical collaboration agreement on February 19, 1971 with a company in Argentina for the supply of know-how for the manufacture of reactive dyes and optical whiteners.

The project for the increased capacity in beta naphthol could not be completed in the year under review due to the delay in delivery of imported equipment. All the other equipments are installed and the plant for increased capacity will be ready in the current year. The company has



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constructed a new plant for the manufacture of reactive dyes which has already been commissioned. The plant for dianilidine and ortho-tolidine has gone into production, but the company is having process troubles for which it is in touch with the collaborators. Regarding vat dyes the development work of all the products have been finalised in the research laboratory. The plant is being designed and the building work will start shortly.

In the year under review a letter of intent has been issued to the company by the Government of India for the manufacture of 3,850 tonnes of rubber chemicals and 2,100 tonnes of intermediates per annum and the necessary licence will be issued on its finalising arrangements for technical collaboration etc for which the company has already started negotiations. As a result of research activities, some more new products have been developed and added to the reactive dyes series. Complete range of dyestuffs for acrylic fibres has also been finalised. □

Atul Products

THE Atul Products Ltd (Chairman: Mr Kasturbhai Lalbhai, Ahmedabad) has increased its sales for the year ended December 31, 1970 to Rs 13.6 crores from Rs 11.5 crores in the previous year. The gross profit rose to Rs 2.6 crores from Rs 2.0 crores. The net profit, after depreciation and taxation, amounted to Rs 127 lakhs (Rs 94 lakhs). The ordinary dividend has been maintained at 14 per cent.

The company's gross profit margin works out to 19.3 per cent against 17.5 per cent. The ratio of net profit to net worth comes to 18.3 per cent (20 per cent).

The extension of the naphthalene intermediates plant was completed and commissioned during the year. The phosgene plant was also commissioned during the year but the production from this plant was only utilised for captive consumption. The company has obtained the licence for the import of phosgene cylinders and after receipt of these cylinders which is expect-

ed shortly, the sales to outside parties will commence.

Production and sales of dyestuffs, dyes intermediates, pharmaceutical products, caustic-chlorine and other chemicals have considerably improved. The exports of the company's products for the year were Rs 51.86 lakhs (Rs 16.44 lakhs). The company has applied for licences for the manufacture of nylon filament yarn, beta-naphthol and for the extension of its intermediates plants. The decision of the Government on these applications is awaited.

The anthraquinone plant of Atic Industries Ltd was commissioned already. The licence for the manufacture of anthraquinone disperse dyes, for which Atic has

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	15,75.54	12,20.38	10,18.51	805.04
Sales including				
excise duty	13,64.38	11,54.13	959.58	727.72
Other income	112.74	62.96	52.11	41.45
Stock adjustment (of				
finished goods)	+98.42	+3.24	+1.82	+35.87
Opening	131.00	128.42	125.00	90.73
Closing	230.08	131.00	128.42	125.00
Total expenses	13,11.81	10,18.06	864.87	701.89
Materials and stores	816.39	570.35	458.58	368.89
Salaries and wages	82.27	72.32	69.54	69.12
Excise duty	97.83	88.37	85.08	58.33
Other expenses	815.32	287.05	249.12	206.05
Gross profit	263.73	202.27	148.64	103.15
Depreciation	108.00	108.05	117.17	102.97
Managing agency				
remuneration	1.08	5.00	0.50	0.54
Profit before tax	155.75	94.22	30.97	-0.36
Taxation	28.50	..	..	..
Profit after tax	127.25	94.22	30.97	-0.36
Withdrawals from				
reserves and				
writes-backs	5.34	6.90	16.93	82.29
Development rebate	36.80	45.00	..	..
Other reserves	34.50	..	..	..
Ordinary dividend	57.40	56.12	47.97	31.98
	(14%)	(14%)	(12%)	(8%)
Carry forward	..	..	..	0.07
Market prices of				
ordinary shares				
(in rupees):				
High	371.00	308.00	289.00	259.75
Low	248.00	241.00	184.00	210.00

made an application, is expected to be received soon. Atic's various plants are running well.

Cibatul's working improved considerably during the year. This company was able to make a profit of Rs 51.42 lakhs and thus wipe out a considerable part of the accumulated losses. The balance is expected to be set off against the profits of 1971. The Government has registered Cibatul's application for installation of a formaldehyde plant. This plant is expected to go on stream by the end of 1972. The Government of India's loan of Rs 3 crores is being repaid regularly and the balance outstanding as on March 31, 1971 was Rs 62.91 lakhs. □

Andhra Bank

INTEREST and discount earned by the Andhra Bank Ltd (Chairman: Mr K. Gopal Rao, Machilipatnam) for the year ended December 31, 1970 increased to Rs 4.2 crores from Rs 3.2 crores in the previous year. The net profit was Rs 9.10 lakhs (Rs 6.02 lakhs). The dividend was stepped up by one per cent to 7 per cent. Reserve and other funds got Rs 5.13 lakhs (Rs 2.22 lakhs).

Deposits of the bank expanded to Rs 65 crores from Rs 52.3 crores. Advances rose to Rs 48.3 crores from Rs 35.4 crores. Investments were higher at Rs 20.1 crores (Rs 15.6 crores). The ratio of advances to deposits was higher at 71.1 per cent

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(87.8 per cent), and that of investment to deposits stood at 30.9 per cent (29.8 per cent). The ratio of cash to deposits also was higher at 10.2 per cent (9.4 per cent).

As on December 31, 1970 advances to agriculture amounted to Rs 9.85 crores spread over 65,766 agriculturists, advances to small-scale industries amounted to Rs 7.01 crores covering assistance to 883 units. The outstanding to the priority sectors including exports at the end of the year stood at Rs 18.64 crores which constitute 40.3 per cent of the total advances.

Under the lead bank scheme, the bank completed the survey of West Godavari, Srikakulam and Ganjam districts and conducted a joint survey of Krishna district with Indian Bank Survey reports in respect of West Godavari and Srikakulam districts have been released. Reports for

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Gross income	4,85 59	3,85 13	3,58 92	3,48 77
Interest and discount earned	4,18 20	3,20 22	3,08 13	2,98 16
Commission and exchange	59 42	51 65	47 90	46 19
Other income	7 97	13 26	7 89	4 42
Total expenditure	4,70 66	3,74 98	3,50 68	3,42 59
Interest paid	2,49 47	1,99 77	1,85 68	1,92 38
Staff expenses	1,72 04	1,37 94	1,32 61	1,20 14
Other expenses	49 15	37 87	32 29	30 07
Depreciation	6 83	4 13	4 93	8 96
Net profit	9 10	6 02	4 01	2 22
To reserve and other funds	5 13	2 22	1 22	0 45
Gratuity fund	0 60	0 55	0 25	
Dividend	3 53	4 03	2 52	1 02
	(7%)	(6%)	(5%)	(3.8%)
Carry forward	0 12	0 28	0 05	0 03

	As on 31st December			
	1970	1969	1968	1967
Paid-up capital	50 44	50 43	50 34	50 29
Reserves	45 50	41 87	40 15	39 33
Deposits	65,04,99	52,31 07	40,89 91	39,68 62
Borrowings from other banks	6,27 94	2,83 46	72 20	2,60 16
Advances	45,28 52	35,47 52	21,47 52	17,28,90
Investment	20 09 02	12,54 36	11,52 46	11,22 47
Cash	6,62 68	4,93 21	5,82 68	4,81 73
Balance-sheet total	89,00 92	70,86 75	54 22 21	56 39 86
Ratio to deposits of	%	%	%	%
Advances	71.1	67.8	62.3	68.8
Investment	30.0	29.8	28.2	29.3
Cash	10.2	9.4	14.2	12.1

the remaining two districts are under finalisation. Survey of Guntur district will be taken up jointly with Indian Bank shortly. The bank would also be participating actively in the "small farmers development agency scheme" of the Government of India in Srikakulam district. The bank is participating in the scheme of financing primary agricultural credit societies. In the year under review, 65 new branches were opened, of which 43 were in rural areas with a population of 10,000 and below. □

Standard and Chartered Banking

Standard and Chartered Banking Group Ltd recommends a final dividend of 7 per cent taxable for 15 months ended March 31, 1971, making the total dividend of 15 per cent for that period which is one per cent more than the rate forecast for the first accounting period of the new company in accordance with the terms of merger. Net profits of the group (Standard Bank and Chartered Bank) available for dividend, after providing for taxation, transfers to inner reserves and minority interests, were £11.95 million. Transfers to contingency and reserve funds were £4.07 million. Balance of profit brought forward was £10.74 million. The register of mem-

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bers will be closed on June 28, 1971 and the annual general meeting is scheduled to be held on August 3, 1971

Sankey Wheels

Sales of Sankey Wheels Ltd, Durgapur, for the 52 weeks ended January 2, 1971 have increased to Rs 257 crore, from Rs 229 crores for the 53 weeks ended January 3, 1970. The net profit after providing Rs 12.54 lakhs (Rs 13.98 lakhs) for depreciation, amounted to Rs 5.90 lakhs (Rs 5.55 lakhs). With this profit, the company has reduced its accumulated losses from Rs 36.64 lakhs to Rs 30.74 lakhs. The disturbed labour situation in West Bengal, particularly in the Durgapur area and the chronic shortages of certain items of matching steel, had contributed to the unsatisfactory level of production and turnover in 1970. A new production incentive was introduced in that year. By the latter months of the year its effect was felt and the productivity has improved. The company submitted an application to the Government of India in May 1969 for a small

increase in the licensed capacity to 3.8 lakh wheels per year. No additional foreign exchange for plant has been sought.

Jyoti Electric Motors

Sales of Jyoti Electric Motors Ltd, Mogar, Taluq Anand, Dist Kaira, for the year ended December 31, 1970 have slightly increased to Rs 62.78 lakhs from Rs 62.07 lakhs in the previous year. The net profit, after providing Rs 1.48 lakhs (Rs 1.48 lakhs) for depreciation, amounted to Rs 5.08 lakhs (Rs 78.483). A maiden dividend of 5 per cent has been declared for the year. The general reserve got Rs 1.23 lakhs (nil). During the year under review, production increased by 15 per cent over the previous year.

Azam Jahi Mills

Total sales of the Azam Jahi Mills Ltd, Hyderabad, for the year ended September 30, 1970 have slightly increased to Rs 336 crores from Rs 325 crores in the previous year. The company has suffered a loss of Rs 48.12 lakhs against a loss of

Rs 49.97 lakhs. Due to losses incurred, no depreciation and the development rebate reserve could be provided. The financial assistance received during this year from the Government of Andhra Pradesh amounted to Rs 91 lakhs both by way of cash and loan of securities. In the year under review, the total cloth production increased by 33 lakh metres. The weaving efficiency increased from 65.92 per cent of the previous year to 68.74 per cent. The loom utilisation was increased from an average of 624 per day of the last year to 686 this year.

Simon-Carves India

Income from completed contracts of Simon-Carves India Ltd, Calcutta, for the year ended December 31, 1970 has increased to Rs 460 crores from Rs 421 crores in the previous year. The net profit, after providing Rs 5.45 lakhs (Rs 4.13 lakhs) for depreciation and Rs 11.73 lakhs (Rs 6.55 lakhs) for taxation, amounted to Rs 16.11 lakhs (Rs 4.55 lakhs). The dividend has been stepped up to 15 per cent from 8 per cent. The general reserve absorbed Rs 15.94 lakhs (Rs 91,110). The value of contracts obtained during the year under review was Rs 53 crores, of which orders to the value of about Rs 465 crores are for design, engineering and construction. The most important contract secured during the year was Calico Polyester Fibre project for which the company will be undertaking all the detailed engineering and design work.

Warner-Hindustan

Warner-Hindustan Ltd, Hyderabad, has improved its sales for the year ended December 31, 1970 by 60 per cent to Rs 452 crores from Rs 283 crores in the previous year. The net profit, after providing Rs 24.89 lakhs (Rs 17.53 lakhs) for depreciation and Rs 48.86 lakhs (Rs 2.90 lakhs) for taxation, amounted to Rs 43.92 lakhs (Rs 51.61 lakhs). The ordinary dividend has been maintained at 9 per cent. Amount set aside for the development rebate was Rs 64,000 (Rs 26.26 lakhs). The general reserve absorbed Rs 9.97 lakhs (Rs 15.52 lakhs). The company proposes to issue, subject to necessary approvals, bonus shares in the ratio of two new ordinary shares for every five shares held. During the year the formulations and chemicals plants worked at a high level. To improve production, certain extensions of the formulations plant are on hand. Exports for the year amounted to Rs 202 lakhs (Rs 0.08 lakh).

Preliminaries

Synthetics and Chemicals

Total sales (exclusive of excise duty) of Synthetics and Chemicals Ltd, Bombay, for the year ended December 31, 1970 have slightly declined to Rs 13.14 crores from Rs 13.92 crores in the previous year. The profit, after providing Rs 1.31 crores (Rs 1.26 crores) for depreciation amounted to Rs 2.04 crores, (Rs 2.17 crores). The ordinary dividend has been doubled to 15 per cent from 6 per cent. Amount set aside for the development rebate was Rs 2.01 crores (Rs 0.38 crore). Production for the year was 30,339 tonnes (24,594 tonnes) and sales were 27,749 tonnes (26,170 tonnes).

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TATA CHEMICALS LIMITED



EQUITIES

THE WEEK'S PRICE RANGE

Listless conditions

BOMBAY, June 10

TRADING on the stock exchange remained listless during the week. Although there was no heavy selling the market lacked fresh support. Price movements were rather narrow and the volume of business was small. The final list showed small variations from the previous levels. It was thought that the near-term outlook was good if only because of low budla charges and some scrips attracting backwardation. The performance of the market, however, indicated no justification for the thought.

Investors and operators both fell frustrated with the unhelpful factors of the Budget. The stepping up of capital gains tax and the increase in the wealth tax on slabs above Rs 15 lakhs, it was being repeated, would act as a drag on the investment market while, thanks to the increase in excise levies, prices of several consumer items have already gone up.

The early onset of the monsoon has caused no small satisfaction, for a good harvest influences the market bullishy although it is too early in the season to talk of crop prospects. However, the ultimate cost to India of East Bengal refugees will have a big say in the trend of the market.

The directors of Kohinoor Mills took the market by surprise, a pleasant one though, by proposing a final dividend of Rs 12 for 1970 which with the special platinum jubilee payment of Rs 5 takes the total to Rs 17 against Rs 12 of last year. In view of its lower profitability of the company, it was thought, it would just maintain the total payment. The shares were a bit shaded at Rs 225.

Another leading textile unit, Lakshmi-Vishnu, has only been able to maintain its gross profit despite larger sales but one does not know whether these two results are indicative of the general pattern for the textile industry—profits not being commensurate with sales owing probably to higher costs. Standard was well-maintained at Rs 668.50.

The market registered its disappointment with the antagonism between the Kapadia and Chinai groups and it is unlikely that investors would support the scrip in a big way until they resolved their differences. Century Enka was firm but Gwalior Rayon declined following reports that the Mavoor plant might close down for want of raw materials.

Steels were dull and subdued with Tata at Rs 103.50. Among engineering, Voltas was better but Telco was about steady. Hindustan Aluminium impressed the market with the chairman, Mr Aditya V. Birla, assuring the shareholders that the outlook for the company was good and that it was going ahead with its expansion programme, first from 80,000 tonnes to 100,000 tonnes by mid-1972 and further to 120,000 tonnes by the end of 1973.

	Closing quotations 2-6-1971	High	Low	Closing quotations 9-6-1971		Closing quotations 2-6-1971	High	Low	Closing quotations 9-6-1971
FORWARD					Miscellaneous				
Textiles					Rs.				
Ahm. Advance (100)	220 00**	220 00	206 00	204 00**	Bombay Burnah (25)	40 00**	40 00	45 00	45 75**
Bombay Dyeing (25)	37 50**	39 00	37 50	38 25**	Hindustan Motors (10)	12 24**	11 50	11 50	11 50**
Central India (50)	43 00**	43 00	41 00	41 00**	Indian Copper (2 sh.)	3 78**	3 84	3 70	3 78**
Century (100)	860 00**	880 00	860 00	860 00**	Premier Automobiles (100)	52 50**	54 00	52 00	53 00**
Dawn (50)	78 50**	78 50	67 50	78 50**	Pre. Construction	122 00**	127 00	123 00	123 00**
Elphinstone (50)	22 00**	—	—	22 00**	Shivrajpur (10)	14 90**	—	—	14 90**
Finlay (100)	100 00**	100 00	153 00	153 00**	Sirpur Paper (10)	11 24**	12 48	12 80	11 24**
Gokak (100)	150 00**	—	—	150 00**	Tata Oil (25)	71 00**	71 50	70 50	71 00**
Gwalior Rayon (10)	38 75**	38 75	36 75	36 75**	W. Coast Paper (100)	216 00**	220 00	215 00	220 00**
India United Ord. (10)	1 20**	1 20	1 20	1 20**	Wimco (100)	152 50**	162 50	150 50	152 50**
Khatana (100)	157 00**	157 00	155 00	155 00**	CASH				
Kohinoor (100)	232 00**	232 00	223 00	223 00**	Textiles				
Morjee (100)	285 00**	285 00	283 00	283 00**	Baroda Rayon (100)	110 50	128 00	119 00	122 00
National Rayon (100)	491 00**	495 00	488 00	488 00**	Century Enka (100)	47 00	—	—	47 00
Phoenix (100)	71 00**	69 00	68 00	71 00**	Gold Mohur (100)	332 50	347 50	332 50	340 00
Podar (10)	9 40**	9 40	9 00	9 40**	Indian Rayon (100)	74 00	76 00	75 00	76 00
Shreejiwas (100)	126 00**	126 00	123 00	123 00**	Lakshmi-Vishnu (100)	81 50	81 50	80 00	80 00
Simplex (50)	102 00**	102 00	100 00	100 00**	Mafalal (100)	382 50	383 75	380 00	381 25
Standard (100)	675 50**	675 50	661 00	672 50**	Modella Woolen (10)	10 08	10 08	9 24	9 24
Swadeshi (100)	138 00**	138 00	133 00	133 00**	Raghuvanshi (100)	92 50	—	—	92 50
Swan (100)	134 00**	134 00	129 00	129 00**	Raymond Woolen (10)	20 00	—	—	20 00
Tata Mills (25)	28 50**	28 50	27 50	27 50**	Shree Ram (100)	84 00	84 00	82 00	82 00
Electric					S. I. Vardoe (100)	178 00	181 00	173 00	173 00
Ahmedabad (100)	101 25**	101 25	100 25	100 25**	Western India (250)	170 50	—	—	167 50
Andhra Valley (100)	145 50**	145 50	145 00	145 00**	Insurance				
B. Suburban (100)	121 25**	121 25	121 00	121 00**	British India (10)	17 24	—	—	17 24
Tata Hydro (100)	146 50**	146 50	144 00	144 00**	Indian Mercantile (50)	77 00	—	—	77 00
Tata Power (100)	147 00**	147 00	145 00	145 00**	New Great (25)	39 50	—	—	39 50
Steel					New India (15)	40 50	41 00	37 00	37 00
Indian Iron (10)	11 80**	11 80	11 60	11 60**	Vulcan (10)	15 12	—	—	15 12
Mukand (10)	20 00**	21 76	20 12	20 12**	Electric				
Tata Steel (75)	103 50**	103 50	103 50	103 50**	Amalgamated (10)	10 08	10 08	10 04	10 08
Engineering					Surat (10)	126 50	126 50	126 00	126 00
Alcock (100)	44 50**	—	—	44 50**	Cement				
Cooper (100)	58 50**	58 50	56 00	56 00**	Mysore Cement (10)	17 12	17 52	17 12	17 12
Larsen & Toubro (10)	21 00**	25 28	24 00	24 00**	Saurashtra Cement (100)	180 00	180 50	178 75	178 75
Tata Eng. & Loco (100)	237 00**	241 00	235 50	235 50**	Paper				
S.L.M.—Manekial (100)	271 25**	271 25	267 50	267 50**	Andhra Paper (100) (old)	136 00	—	—	136 00
Voltas (100)	215 00**	215 00	214 00	214 00**	Anti Hardboards (100)	72 50	—	—	72 50
Dyes & Chem.					Jayant Paper (100)	116 25	118 75	114 25	114 25
Amar Dye-Chem. (100)	221 25**	221 25	210 00	210 00**	Rohit (100)	117 00	118 00	117 00	118 00
Indian Dyestuff (100)	332 00**	332 00	299 50	299 50**	Steel Metals				
Polychem (50)	137 00**	137 00	135 00	135 00**	Alloys	—	—	—	—
Tata Chemicals (10)	30 75**	30 75	30 00	30 00**	Ferro Alloys (100)	104 00	106 00	104 00	106 00
Shipping					Hind Aluminium (10)	34 75	35 75	34 75	35 50
Great Eastern (10)	38 20**	38 20	36 00	36 00**	Khandwail Ferro (100)	150 50	—	—	150 50
Scindia (20)	25 50**	25 50	20 76	20 76**	Engineering				
Cement					Associated Bearings (100)	288 00	290 00	283 00	286 00
A.C.C. (100)	132 75**	133 25	132 25	132 25**	Hind Tractors (100)	81 00	80 00	75 50	80 00
Orissa (10)	18 12**	18 12	17 88	17 88**	Jyoti (100)	120 00	—	—	120 00
Shree Digvijay (100)	154 00**	154 00	151 00	151 00**	Kirloskar Oils (10)	14 12	14 88	14 12	14 76
Sugar					Mahindra (10)	14 12	14 12	13 70	14 12
Delapur (50)	78 00**	—	—	78 00**	New Standard (100)	104 00	113 00	110 00	111 00
Maharashtra (50)	97 00**	97 00	92 00	92 00**	Sandvik Asia (100)	248 00	248 00	240 00	241 00
Phallan (50)	78 00**	78 00	76 00	76 00**	T. Manekial (100)	385 00	385 00	380 00	380 00
Walchandnagar (100)	105 00**	—	—	105 00**	Zenith Steel (10)	19 76	19 52	18 76	19 24

* Ex-dividend.

† Cum-right.

‡ Ex-right.

** Business for Hand Delivery.

†† Squaring up deals.

Note: Figures within brackets indicate the paid-up value of shares.

Wherever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

COMMODITIES

Spot cotton subdued

BOMBAY, June 9

Subdued trading conditions prevailed in the spot cotton market during the last week. Although transactions picked up to some extent, the price trend in general remained practically unaffected in most cases. Exceptions were provided by a few varieties like Manavadar CO2 which declined markedly and Berar L 147 which gained as much as Rs 150 per candy. Reports about the progress of the monsoon were generally encouraging. From some of the terminal centres there were indications about the farmers having undertaken preliminary preparations for sowing. It would take at least another fortnight before something definite is known about the actual pace of sowing in different cotton growing tracts.

In the large majority of cases, the spinners continued to be plagued by credit curbs which tended to inhibit their normal turnover at this time of the season. The growers too were having uneasy moments with the steady accumulation of unsold stocks.

The following has been the trend of prices of some of the leading varieties:

(Rs per candy)

	For the week ended June 9	For the week ended June 2
Khandesh ..	2,300	2,300
Berar AK ..	2,200	2,200
Digvijay Dabhoi ..	3,175	3,201
Berar L 147 ..	2,750	2,600
Manavadar CO 2 ..	2,750	2,875

In the foreign section interest was mainly confined to stray lots of American and African growths. The importers too were handicapped by the paucity of funds to take delivery of the cotton that had already arrived at the docks and hence very few "pucca" deals were reported. Although the actual import of cotton as on May 22, as compiled from Customs documents, was only 2,47,141 bales, private sources indicate that imports through all the ports, as at the end of April, were as high as 4,89,193 bales, which certainly compare well with 5,58,165 bales. On the export front, business in Bengal Deshi has considerably slackened of late with inquiries for even choice varieties trickling down to negligible lots.

Meanwhile, Deshi cotton pressings as at the end of May, according to the Northern India Cotton Association, Bhatinda, are placed at 4,67,831 bales against 4,63,849 bales. Pressing of Punjab American is placed at 7,36,945 bales against 6,61,725 bales. The unsold stocks are put at 24,678 bales for Bengal Deshi and 74,850 bales for Punjab American against 20,362 bales and 17,838 bales, respectively.

YARNS IMPROVE

BOMBAY, June 9

An improvement in the prices of yarns characterised trading in the yarns market during the week under review. Art silk yarns gained further ground due to slack arrivals in the wake of improved upcountry demand. The supplies from the mills are expected to improve in the near future. Staple fibre yarns also moved up on better demand. Cotton yarns were steady to firm.

In the art silk yarns section, 150D National Rayon improved by 37 paise to Rs 18.06. 120D put on 66 paise to Rs 19.60. 150D Bright Century put on 44 paise to Rs 17.94. 120D gained 38 paise to Rs 19.60. 100D Bright South India was fully maintained at last week's level of Rs 23.02. Staple fibre yarns (2 x 34 nF) spot Kiran spurted by 33 paise to Rs 11.57.

JUTE GOODS MOVE UP

CALCUTTA, June 9

With the setting in of the monsoon the prospects of an earlier and bumper crop have become bright. Consequently, raw jute prices eased. However, prices of goods recorded gains. The overseas buyers had limited their operations in the Calcutta market to covering their immediate requirements. Jute goods firmed up following increased demand. The declining production also imparted strength.

Shippers, who could not meet their commitments against Pakistani bookings, showed considerable interest in Calcutta goods. In fact, this had reflected in April despatches of mills against exports, which at 50,000 tonnes, had risen by 9,400 tonnes. Carpet backing cloth increased by 1,300 tonnes, sackings by 1,500 tonnes, hessian by 5,200 tonnes, and others by 1,400 tonnes. The offtake against internal consumption also rose by 3,900 tonnes to 35,000 tonnes. Following the absence of any budgetary change,

local shippers rushed to cover against their recent sales to countries including the US and the USSR. Considerable interest was also shown against local consumption, both by industry and by farms products distributing agencies. Following this, B twills improved from Rs 264 to Rs 270 and hessian 40" 10 oz from Rs 97 to Rs 99.

With the commencement of the monsoon, the trading in new crop began and quotations for the same were at a discount of Re 1 as compared to the old crop. Arrivals of the old crop in the past week were about 20,000 maunds per day, with Assam bottoms falling from Rs 61 to Rs 60.

GROUNDNUT BEARISH

BOMBAY, June 9

The early onset of the monsoon and satisfactory supplies of the summer crop has given a bearish slant to groundnuts. Demand from vanaspathi interests is slack and with arrivals of soyabean oil fairly well assured there is every likelihood of prices seeking lower levels.

Groundnut extractions were dull. Reliable reports indicated that snags had arisen in respect of sales to Japan. It was said the sales were to be made on 1 p.m. aflatoxin basis but some exporters sold better quality thereby harming the prospects of others.

Castor was quiet despite reports of a sizable decline in Brazilian output. Brazilian castor oil to Rotterdam has firmed from 310 dollars to 334 dollars and in the UK the price is even higher. But for freight disadvantage, Indian prices would have been competitive. Linseeds were well held although soap manufacturers were reported to have withdrawn their support to linseed oil.

Comparative prices in rupees were:

Item	2-6-1971	9-8-1971
Castor June ..	131.00	129.75
Castor September ..	132.12	130.00
Linseeds July ..	161.50	160.75
Linseeds September ..	..	160.75
G. Nuts Khandesh ..	193.00	193.00
G. Nut oil ..	41.40	40.80
Castor Madras Small ..	130.00	130.50
Castor Comm. oil ..	28.25	27.75
Castor B.S.S. oil ..	31.00	30.25
Linseeds Bold ..	158.00	158.00
Linseed oil ..	35.50	35.50

LOWER PRICES FOR TEA

CALCUTTA, June 8

Tea arrivals have begun to gain momentum in the past week. Shippers who had been waiting in the hope of some fiscal concession in the budget, are now busy in meeting their commitments, as Union Budget did not contain any relief. Increased arrivals are not a surprise since the output is surpassing last year's level. Up to May 15, North East India output totalled 22.5 million kg or 2.29 million kg higher as compared to the corresponding previous period. The tea industry is thus poised to do even better than last year when the all-India output was 425 million kg, compared to 394 million kg in 1969, and exports increased from 189 million kg to 197 million kg. The demand for space for palletised tea is on the increase, and the liners are hard pressed to meet this demand. The absence of uniform pallet chests is becoming a problem to the liners.

As sale No. 9 held on May 31, leaf on offer totalled 31,713 chests including 2,607 chests from the last season's manufacture. Demand was generally good, but prices were, however, lower. CTCs eased, with fannings showing the largest decline; the few selected bright liquorings were sold well. Whole leaf grades also eased. The orthodox broken were readily absorbed, but fannings were off the mark. The quotations in rupees per kg. inclusive of excise duty were: medium Assam BOP 7 to 7.80, clean plain pekoe 7 to 7.50, good Assam CTC BP 6.70 to 7.40, medium CTC BP 6.30 to 6.50, low Assam BOP 6.50 to 7, good Assam CTC fannings 6.60 to 7.20, plain CTC BP 6 to 6.30, Doocars orthodox BOP 6.20 to 6.80, medium Assam OF 6 to 6.20, plain CTC fannings 5.30 to 5.90, medium CTC fannings 5.50 to 5.80 and low Assam OF 5.80 to 6.00. Other grades were unquoted.

At sale No. "C" held on June 3, offerings totalled 59,850 packages, which were all readily absorbed. Wholeleaf grades were strong and orthodox broken and fannings were fully steady. Plain CTC broken were firm but all others in CTCs eased. The quotations in rupees per kg inclusive of excise duty were: clean plain pekoe 7.20 to 7.70, low Assam BOP 6 to

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6.40, medium CTC BP 6.10 to 6.40, plain CTC BP 6 to 6.20, medium Assam BOP 6.20 to 6.50, Doora BOP 5.90 to 6.20, plain orthodox BP 5.60 to 6, plain CTC fannings 5.20 to 5.40, medium CTC fannings 5.40 to 5.60, and medium Assam OF 5.50 to 5.70.

FOODGRAINS DECLINE

BOMBAY, June 8

After rising in the preceding two weeks, the prices of foodgrains in the local market declined during the past week. In the cereals section, the prices of wheat (Pissi) at Rs 85-90 per quintal showed a fall of Rs 3 on account of good arrivals. The demand for wheat was lower than the previous week. The city stock was around 8,000 bags. In coarse grains, the prices of *bajra* (superior variety) also declined by about Rs 3 to Rs 70-75 per quintal, due to increased arrivals. The demand was generally good. The stock of *bajra* in the city market was poor around 10,000 bags. On the other hand, maize at Rs 73 per quintal recorded a rise of Rs 3 on account of poor inflow of new maize crop.

In pulses, the prices of gram (Punjab) at Rs 87-88 per quintal showed a nominal decline of a rupee. The daily arrivals of gram from the producing centres were satisfactory but the demand was slack. Further, the upcountry advices were steady. However, the city stocks were meagre at 8,000 bags. Tur (Berar white new) declined by Rs 5 to Rs 124-125 per quintal on account of larger daily arrivals of about 800 bags per day. But the demand from millers was slack. Urad (Khandesh) and *moong* (Chinal) continued to rule steady at the previous week-end levels of Rs 155-160 and Rs 250-300 per quintal, respectively.

SUGAR PRICES

BOMBAY, June 8

After declining in the post-decontrol period, the prices of sugar (C-30), for the first time, at Rs 191-192 per quintal recorded an increase of Rs 3. This was attributed to higher ex-mill rates and good offtake. The daily arrivals were about 3,000 bags and the offtake was also around that level. Today about 80,000 bags were sold by the co-operative sugar factories in the State at higher ex-mill rates of Rs 182-183 for "C" grade and Rs 179-181 for "D" grade.

METALS STRONG

CALCUTTA, June 8

Prices of non-ferrous metal scrap were fully firm in the past week at around last levels. It would take some time before prices are made up as a result of the steep revision to import duty tariff. An interesting feature to be noted in this connection is that the customs duty on copper is now far higher than the excise duty of Rs 2,000 per tonne on strips and 10 per cent *ad valorem* on pipes and tubes. Since both the latter tariffs allow set-off of customs duty, it is easily seen that no excise duty would now actually be payable if products are manufactured from copper cleared from port's mouth after May 28. Since the price of copper in the exporting markets are expected to maintain the current level, no useful purpose would be served by maintaining the excise duty on strips and pipes and tubes. Similarly, the customs duty at 40 per cent on zinc far exceeds the excise duty on zinc sheets. In view of this, it would save much irritation if the excise duty on copper and copper alloy semi-manufactures and zinc sheets are done away with forthwith.

Since the raised customs duty is to yet to merge in prices, offers for selling scrap were limited. Industrial consumers were also not keen to go "abegging" for offers, since they were sure of regular supplies of the virgin metals from the Minerals and Metals Trading Corporation. However, small-scale industries showed keen interest in meeting their daily needs. But for electric load-shedding, the demand would have shown even a more rising trend. The frequency with which load-shedding is resorted to by the distributor to make good the existing power shortage on account of the marked fall in supplies from government generating plants, has affected the big and small units in the engineering industry. For these reasons, prices registered an irregular pattern. Thus, while honey quality brass scrap eased from Rs 1,000 to Rs 990 per 100 kg, clean copper wire scrap rose from Rs 1,420 to Rs 1,430, and utensil copper scrap from Rs 1,340 to Rs 1,360. Virgin lead

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was two points higher at Rs 460 but electrolytic zinc was unchanged at Rs 475 as did tin at Rs 4800. Aluminium ingots were nominally quoted at Rs 600.

KIPS DULL

MADRAS, June 7

Due to Whitsun holidays business from the importing end was dull and tanners here were not keen to reduce their level of prices for export. In addition to the stiff prices in the raw centres, tanners are faced with the proposed levy in the new budget duty on tanning materials which have been free from levy hitherto. Inquiries were selective with more emphasis on cow-skin, during the week under review.

Demand for goat skins was dull. Only sheep skins suitable for suede selection were keenly sought after and higher prices were registered. US importers evinced good interest in tanned bull hights.

BULLION FIRM

BOMBAY, June 9

A firm trend prevailed in the bullion market during the past week. Silver improved during the week due to slack arrivals in the wake of improved demand. The floating stocks in the city was stated to be dwindling. Gold remained steady to firm due to good demand from the south. The arrivals are expected to improve soon. Sovereign was fully steady.

Silver (996 fineness) began the week a rupee lower at Rs 587 and improved in the following session. It gained further ground in the subsequent sessions and wound up the week at Rs 592.50 today, with a net gain of Rs 4.50 over the week. The weekly delivery was mentioned at between Rs 588 and Rs 587. The Weekly arrivals and off-take of silver aggregated 47 bars and 25 bars respectively.

Primary gold in the unofficial trading commenced at last week's closing level of Rs 188

and slightly declined but improved later. It closed the week at Rs 190 today, gaining Rs 2 over the week. Standard gold in official trading began at last week's closing of Rs 197 and slightly receded in the following sessions. It wound up the week at Rs 199 today, the net gain over the week being Rs 2. Sovereign was fully steady at Rs 174.

CALL RATE STEADY

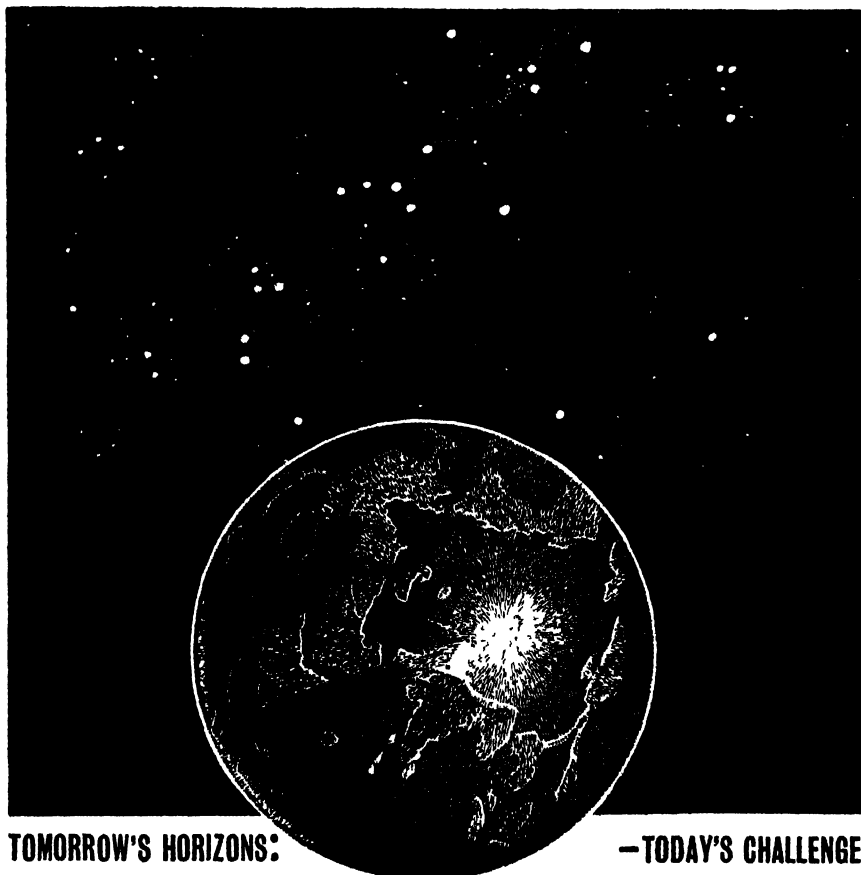
BOMBAY, June 9

There was no change in the conditions in Bombay's short-term money market in the past week. The call rate was 4½ per cent. In Calcutta, all transactions were done at 4½ per cent.

Ninety one days' Government of India treasury bills sold from May 31 to June 5 amounted to Rs 42.11 crores against Rs 5.56 crores in the previous week.

During the week ended May 28, there was a decline of Rs 2.27 crores at Rs 376.97 crores in the foreign exchange reserves of the Reserve Bank of India. While foreign securities were constant at Rs 303.42 crores, balances held abroad came down to Rs 73.55 crores from Rs 75.82 crores. Notes in circulation dropped by Rs 28.20 crores to Rs 4,369.66 crores. Deposits of scheduled commercial banks with the Reserve Bank of India increased to Rs 214.41 crores from Rs 208.44 crores.

Week ended May 28 marked a decline of Rs 17.25 crores at Rs 4,687.52 crores in the total credit made available by scheduled commercial banks. Aggregate deposits rose by Rs 28.16 crores to Rs 6,079.61 crores. Borrowings from Reserve Bank were higher at Rs 131.31 crores (Rs 125.49 crores).



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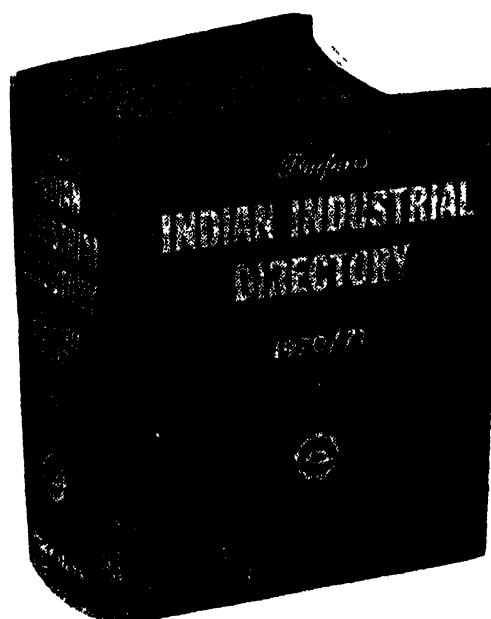
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BUDGET 1971-72

Liabilities and Assets of the Government of India

(Rs. crores)

	At the end of				At the end of			
	March 1951		March 1971		March 1951		March 1971	
	Amount	Percentage to total	Amount	Percentage to total	Amount	Percentage to total	Amount	Percentage to total
LIABILITIES								
Public Debt	20.54	80.1	140.43	71.8	150.55	71.6	632.8	
Small savings schemes	3.37	13.1	21.87	11.1	23.47	11.1	596.7	
State provident funds	95	3.7	8.40	4.3	9.25	4.4	872.9	
Public Provident fund	..	..	..	..	..	..	..	
F.L. 480 deposits	..	..	6.47	3.3	6.34	3.0	..	
Deposits under compulsory deposit schemes	..	..	4	..	3	..	..	
Income-tax annuity certificates	..	..	1.18	0.6	1.03	0.5	..	
Reserve funds and deposits	3.63	14.2	9.77	5.0	11.33	5.4	212.1	
Other items	16	0.6	35	0.2	38	0.2	133.9	
Less : Estimated amount due from Pakistan on account of her share of prepartition debt ..	28.65	111.7	188.36	96.3	202.47	96.2	606.6	
Total net liabilities	..	..	..	..	..	..	..	
Excess of capital outlay and loans over liabilities	25.65	100.0	185.36	94.7	199.47	94.8	677.5	
Total	25.65	100.0	195.67	100.0	210.33	100.0	720.1	
ASSETS								
Capital outlay on departmental undertakings	8.95	34.9	40.36	20.6	43.08	20.6	381.5	
Investment in :	..	..	..	..	..	..	..	
1. Government companies and corporations	9	0.4	23.65	12.1	25.97	12.3	27,443.5	
2. Financial institutions	2.50	9.7	9.53	4.9	8.77	4.6	290.8	
3. Other companies and corporations	..	..	39	0.2	39	0.2	15,424.0	
Other capital outlays including defence services, public works, State trading schemes, etc. ..	3.34	13.0	27.63	14.1	38.82	14.7	824.0	
Loans to State and Union Territory Government, Foreign Governments and other parties	2.21	8.6	94.12	48.1	10,035	47.7	4,447.1	
Excess of liabilities over capital outlay and loans advanced	17.09	66.6	195.68	100.0	210.38	100.0	1,181.2	
Total	8.57	33.4	..	..	..	..	..	
Total	25.66	100.0	195.68	100.0	210.38	100.0	720.1	

SOURCE: Explanatory Memorandum on the Budget of the Central Government for 1971-72, Part II, Pp. 74, 76 and 78.

.. Negligible.

Composition of the total expenditure of the Government sector (Centre and States combined)

	1961-63			1962-63			1963-64			1964-65			1965-66			1966-67			1967-68			1968-69			1969-70 (R.E.)			1970-71 (R.E.)		
	Ra. crores		Per cent	Ra. crores		Per cent	Ra. crores		Per cent	Ra. crores		Per cent	Ra. crores		Per cent	Ra. crores		Per cent	Ra. crores		Per cent	Ra. crores		Per cent	Ra. crores		Per cent			
	Ra. crores	Per cent	Ra. crores	Per cent	Ra. crores	Per cent	Ra. crores	Per cent	Ra. crores	Per cent	Ra. crores	Per cent	Ra. crores	Per cent	Ra. crores	Per cent	Ra. crores	Per cent	Ra. crores	Per cent	Ra. crores	Per cent	Ra. crores	Per cent	Ra. crores	Per cent				
I. Development (a) (i) + (ii)	1,872	66.7	2,142	63.7	2,849	59.5	2,939	61.8	3,479	62.1	3,416	55.6	3,676	57.0	4,408	57.4	4,697	59.1												
(i) Plan	1,130	40.3	1,414	42.0	1,674	39.1	2,031	42.7	2,291	40.9	2,165	35.2	2,090	32.4	2,258	29.4	2,637	33.2												
(ii) Non-Plan	742	26.4	728	21.7	875	20.4	908	18.1	1,188	21.2	1,251	20.4	1,586	24.6	1,150	28.0	2,060	25.9												
II. Non-development (b) (iii) + (iv) + (v) + (vi) + (vii)	936	32.3	1,223	36.3	1,735	40.5	1,815	38.2	2,126	37.9	2,727(d)	44.4	2,772	43.0	3,266	42.6	3,249	40.9												
(iii) Defence (net)	313	11.1	474	14.1	816	19.0	806	17.0	885	15.8	909	14.8	968	15.0	1,105	14.4	1,151	14.5												
(iv) Interest on public debt	134	4.8	174(c)	5.2	303	7.1	354	7.5	432	7.5	525	8.6	571	8.9	679	8.8	703	8.8												
(v) Tax collection charges	67	2.4	69	2.0	76	1.8	83	1.7	89	1.7	101	1.6	113	1.8	132	2.0	160	2.0												
(vi) Police	110	3.9	124	3.7	137	3.2	158	3.3	180	3.4	207	3.4	249	3.9	311	4.1	323	4.1												
(vii) Others	312	11.1	382	11.3	403	9.4	414	8.7	530(e)	9.5	955(e)	16.0	871	13.4	1,019	13.3	913	11.5												
III. Total expenditure (i) + (ii)	2,808	100.0	3,365	100.0	4,584	100.0	4,754	100.0	5,605	100.0	6,143	100.0	6,448	100.0	7,674	100.0	7,946	100.0												
IV. Gross national product (Ra. crores)	14,560		15,803		18,983		21,176		21,639		25,285		29,389		31,919		36,950(f)													
V. Total expenditure (iii) as per cent of gross national product (IV)	18.9		21.3		23.7		22.4		25.7		24.3		21.6		23.2		21.5													

NOTES: (a) Includes Plan expenditure of Railways and non-departmental undertakings out of their own resources as well as loans by the Central and State Governments to local bodies and non-departmental commercial undertakings (including Electricity Boards) and development loans to other parties.

(b) Excludes transfers to special development fund and other funds.

(c) Excludes of interest transferred to departmental commercial undertakings.

(d) Includes Rs. 207 crores on account of additional rupee subscription to IMF etc. following devaluation, and Rs. 12 crores on account of service charges Rs. 219 crores in all.

(e) Includes general administration, pensions and privy purses, famine relief, food subsidy, grants and loans to foreign countries and non-development loan to other parties.

(f) Estimated by Commerce Research Bureau.

SOURCE: Ministry of Finance, Government of India, Economic Survey (Central Government)

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	28-5-1971	21-5-1971	29-5-1970
Issue Department			
Notes held in Banking Department ..	19.74	16.62	36.63
Notes in circulation ..	4,389.66	4,397.80	4,014.64
Total notes issued ..	4,389.40	4,414.49	4,051.17
Gold coin and bullion ..	182.63	182.63	182.63
Foreign securities ..	303.42	303.42	396.42
Rupee coin ..	40.53	40.61	54.70
Government of India rupee securities ..	3,862.92	3,887.92	3,417.62
Banking Department			
Deposits of Central Government ..	61.40	55.16	139.85
Deposits of State Governments ..	3.83	4.15	4.93
Deposits of Scheduled Commercial Banks ..	214.41	208.44	182.80
Deposits of Scheduled State Co-operative Banks ..	10.45	9.85	8.08
Deposits of Non-Scheduled State Co-operative Banks ..	0.80	0.80	0.62
Deposits of other banks ..	0.38	0.32	0.30
Other Deposits ..	65.66	66.26	104.22
Other liabilities ..	786.23	755.78	624.83
Total liabilities or assets ..	1,123.15	1,100.73	1,065.61
Notes and coins ..	19.81	16.69	36.79
Balances held abroad ..	73.55	75.82	121.80
Loans and advances to—			
(i) Central Government ..	—	—	—
(ii) State Governments ..	413.94	401.84	213.43
Loans and advances to Scheduled Commercial Banks ..	131.31	125.49	276.94
Loans and advances to State Co-operative Banks ..	260.10	261.70	245.81
Other loans and advances ..	44.08	40.34	11.59
Bills purchased and discounted ..	46.95	44.10	7.46
Investments ..	77.80	80.84	102.04
Other assets ..	55.61	53.92	49.74

Note: The gold reserves of Issue Department are valued at Rs 53.58 per 10 grams upto January 31, 1969 and at Rs 84.39 per 10 grams thereafter.

COST OF LIVING INDEX : 1970-71 (Base: 1960=100)

Centre	Industrial workers			Urban non manual employees		
	Dec.	Jan.	Feb.	Oct.	Nov.	Dec.
Ahmedabad ..	177	176	176	173	172	171
Ajmer ..	184	183	N.A.	170	170	169
Alwaye ..	197	195	192	(a)	(a)	(a)
Amritsar ..	194	191	N.A.	182	188	187
Bangalore ..	190	190	188	174	176	176
Bombay ..	183	191	182	171	171	168
Calcutta ..	185	177	175	176	174	171
Delhi ..	202	203	205	176	174	173
Digboi ..	195	190	185	(a)	(a)	(a)
Gwalior ..	186	189	189	185	192	189
Hyderabad ..	191	189	186	176	177	177
Jamshedpur ..	181	178	177	(a)	(a)	(a)
Kanpur ..	189	189	N.A.	181	179	176
Madras ..	174	173	172	178	180	181
Nagpur ..	191	188	185	171	170	168
Patna ..	(a)	(a)	(a)	194	194	191
Sambalpur ..	184	185	N.A.	180	180	178
Shillong ..	(a)	(a)	(a)	171	172	166
Srinagar ..	172	174	N.A.	185	186	187
Trivandrum ..	(a)	(a)	(a)	180	181	182
Yamunanagar ..	192	193	N.A.	(a)	(a)	(a)
All-India ..	186	184	184	177	177	175
All-India (corresponding month of 1969) ..	177	177	177	168	167	168

(a) The original source of data does not cover this centre

MONEY RATES*

	1971				1970
	May 28	May 21	May 14	May 29	
Reserve Bank of India (Bank Rate) ..	6	6	6	5	
Selected Major Scheduled Commercial Banks†					
Call money from Banks :					
Bombay ..	4.50	4.83	6.05	6.54	
Calcutta ..	..	5.49	5.50	6.41	
Madras ..	..	5.50	6.00	6.92	

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.

† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	For the week ended (Friday)		
	28-5-1971	21-5-1971	29-5-1971
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	156.11	150.20	128.62
(ii) From others ..	2,677.64	2,661.03	2,288.94
(b) Borrowings from banks ..	31.23	44.56	23.64
(c) Others ..	166.19	163.13	137.40
2. Time liabilities—			
(a) Time deposits—			
(i) From banks ..	35.80	31.19	31.27
(ii) From others ..	3,402.07	3,390.42	2,893.60
(b) Borrowings from banks ..	11.22	7.40	6.44
(c) Others ..	38.99	43.52	29.46
3. Aggregate deposits (1) (a) (ii) + (2) (a) (ii) ..	6,079.61	6,051.45	5,162.64
4. Borrowings from Reserve Bank ..	131.31	125.49	276.94
(a) Against usance bills and/or promissory notes ..	71.05	69.47	64.52
(b) Others ..	60.26	56.02	182.42
5. Borrowings from State Bank and/or a notified Bank and the State Governments ..	53.33	51.11	61.71
6. Cash ..	175.20	176.13	183.29
7. Balances with Reserve Bank ..	204.65	201.03	176.65
8. Cash and balances with Reserve Bank ..	383.88	377.16	359.94
9 as per cent of 8 ..	6.31	6.23	6.39
10. Balance with other banks in current account ..	73.14	68.60	61.60
11. Money at call and short notice ..	45.79	46.49	34.52
12. Investments in Government securities ..	1,364.89	1,361.94	1,182.67
13. 12 as per cent of 8 ..	22.45	22.61	22.91
14. Advances—			
(a) Loans, cash credits and overdrafts ..	3,754.10	3,756.23	3,420.34
(b) Due from banks ..	38.79	35.73	47.51
15. Inland bills purchased and discounted ..	725.36	713.41	635.20
16. Foreign bills purchased and discounted ..	205.06	215.13	186.79
17. Total Bank Credit (14) (a) + 15 + 16) ..	4,687.52	4,704.77	4,142.33
18. 17 as per cent of 8 ..	77.10	77.75	80.24

MONEY SUPPLY WITH THE PUBLIC

(Rs in crores)

	May 21, 1971	Variation over preceding		
		Week	Month	Year
Money Supply with the Public ..	7,357	- 7	45	744
Currency with the Public ..	4,666	- 33	54	368
Deposit Money with the Public ..	2,791	+ 26	- 9	391
Factors affecting Money Supply				
Net Bank Credit to Government Sector ..	5,735	28	183	881
Net Bank Credit to Commercial Sector ..	2,022	- 3	- 53	125
Net Foreign Exchange Assets of Banking Sector ..	560	3	17	- 114
Other factors ..	- 900	- 35	- 102	- 148

RBI INDEX NUMBERS OF SECURITY PRICES

(1961-62=100)

Groups	Week ended		
	29-5-1971	1-5-1971	30-5-1970
Debentures -All-India ..	92.7	93.1	92.6
Preference Shares All India ..	84.6	85.3	88.1
Variable Dividend Industrial Securities			
Agriculture and Allied Activities ..	88.5	88.2	87.0
Mining and Quarrying ..	63.3	54.2	55.0
Processing and Manufacturing ..	96.3	97.5	94.1
All-India -Total ..	99.3	100.7	97.2
Regional			
Bombay ..	109.7	112.4	110.0
Calcutta ..	96.5	96.5	91.3
Madras ..	88.6	88.6	86.4
Ahmedabad ..	78.0	79.2	81.7
Delhi ..	112.8	115.6	118.1

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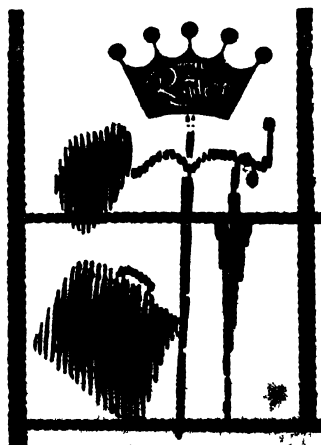
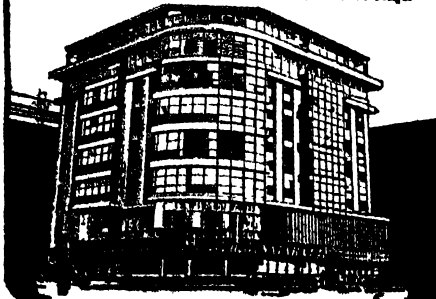
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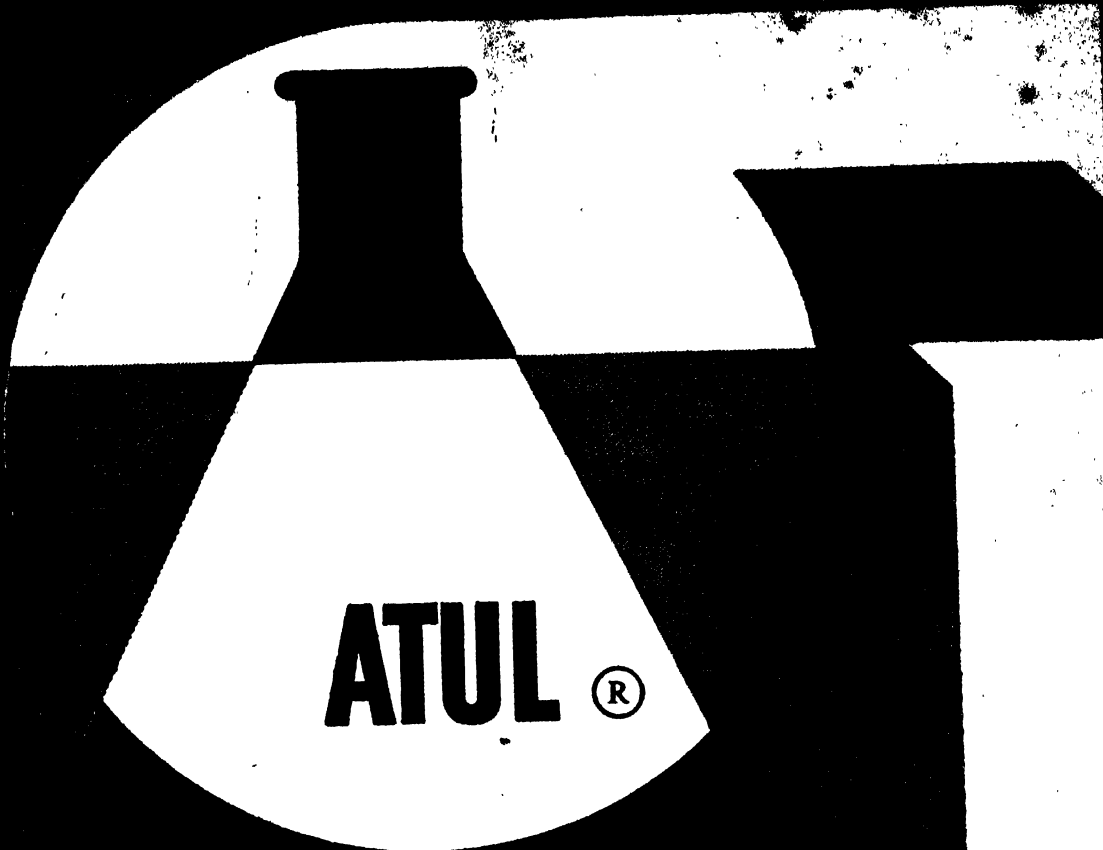


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COMMERCE

VOL. 122 No. 3137

BOMBAY, JUNE 19, 1971

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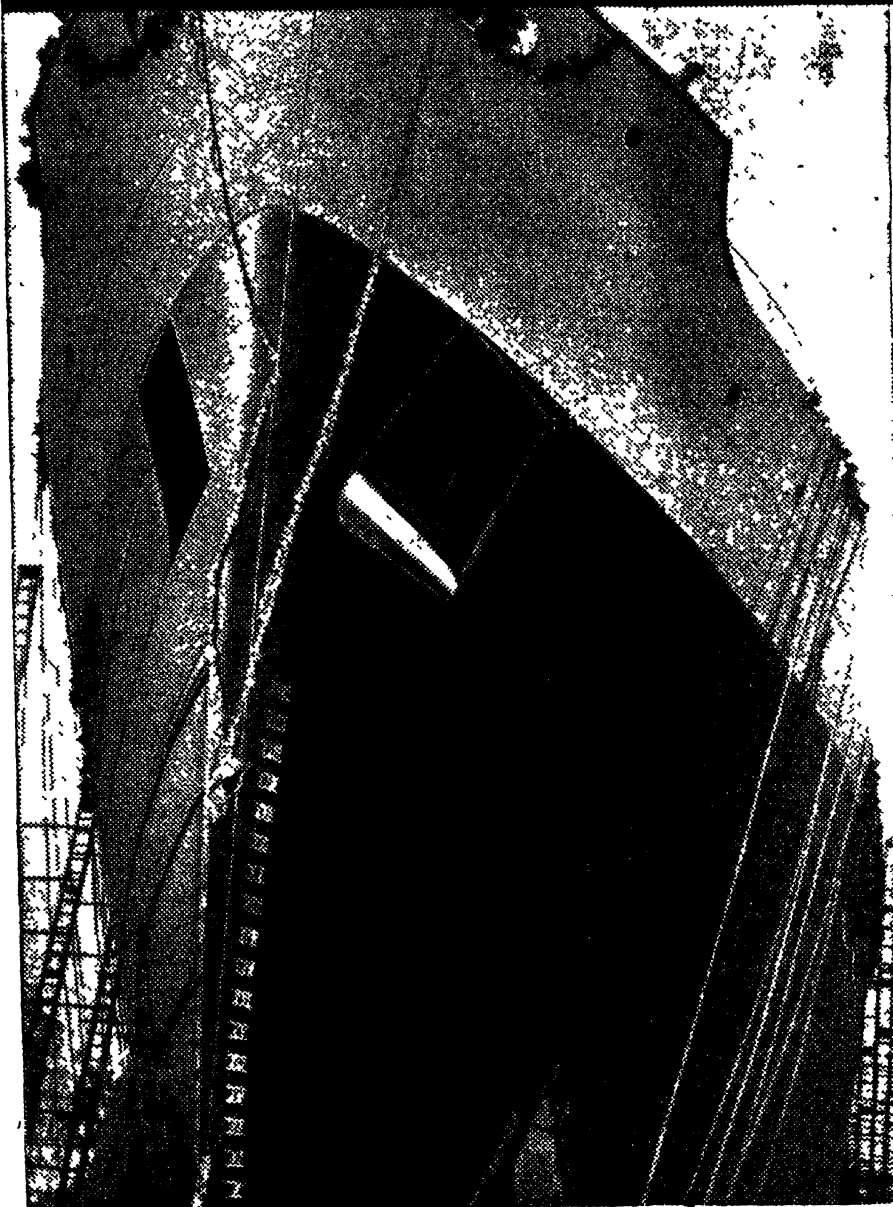
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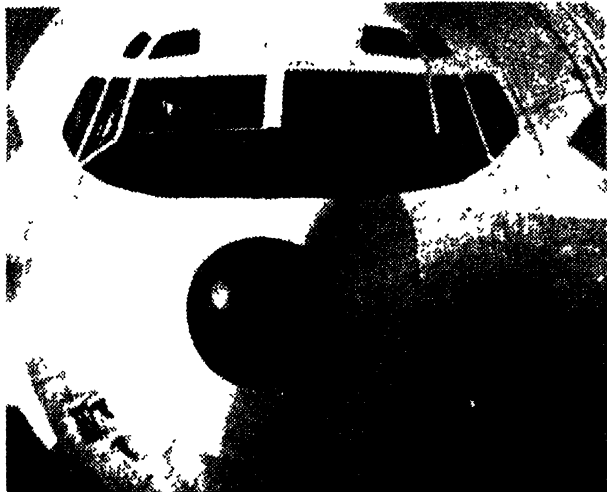
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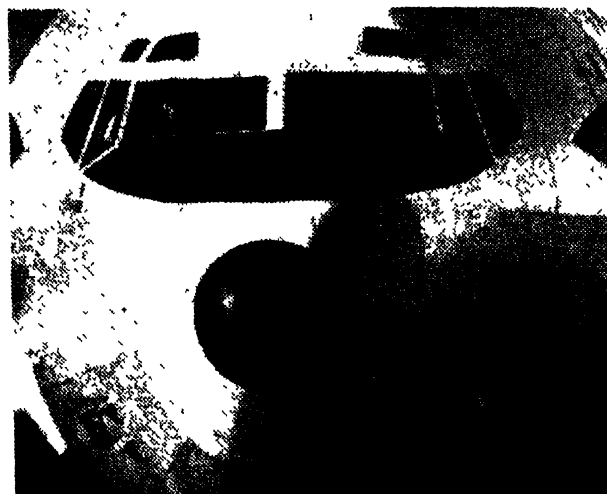
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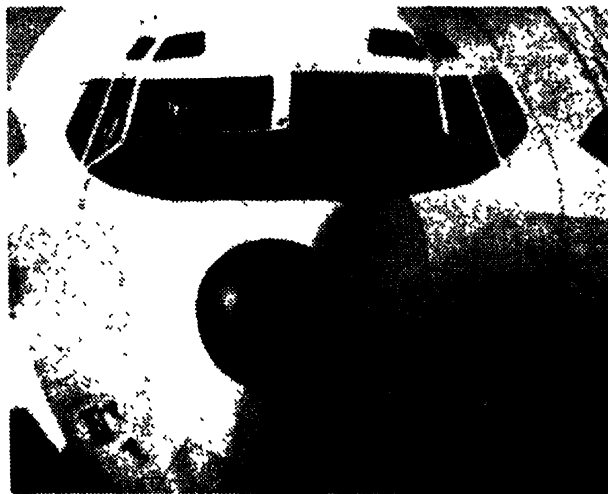
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JUNE 19, 1971

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More steel but at a higher price?

IT is possible that steel supplies will improve this year not entirely on account of larger imports but also because of higher domestic production. Not that one can be sure of a better performance by our steel industry, which essentially means by Hindustan Steel whose three plants account for a rated capacity of 5.9 million tonnes out of a total of 8.9 million tonnes in terms of steel ingots. During 1970-71 HSL's contribution to production was only 3.6 million tonnes and with Indian Iron also working much below its capacity, the total output was no more than 5.95 million tonnes. This meant a decline in output from 1968-69, when it was of the order of 6.3 million tonnes, instead of there being an upswing in production. Even if we go by the rate of production during the first quarter of the current year, the chances are that we might just cross the six million-tonne mark. These figures do raise serious doubts about the HSL giving to the country an additional million tonnes of saleable steel during 1971-72 which the Union Steel Ministry promised earlier this year. Nevertheless, one should hope with the Steel Ministry that the efforts being currently made to increase the capacity utilisation of the HSL would bring some results. That there is enough scope for this is evident from the fact that even in 1970-71 Durgapur was still working at 39

per cent of the capacity in terms of steel ingots, Rourkela at 57 per cent and Bhilai at 77 per cent. As against this Tata Steel could work to over 85 per cent of the capacity which should be considered satisfactory.

Official spokesmen have repeatedly stated that the failure of the HSL to make reasonable use of the facilities available to it was partly on account of operational difficulties and partly because of disturbed industrial relations. Fortunately, there are signs that the workers are in a mood to respond better to the needs of the situation faced by the country. As the Steel Minister, Mr S. Molan Kumaramangalam, has said, the recent wage agreement for the steel industry, reached through bipartite negotiations has created an atmosphere conducive to better employer-employee relations. The negotiating committee is to continue to function with a major objective of supporting every effort to increase productivity. The Government has also been encouraged to propose that two representatives of the workers should sit on the Board of the HSL, and this proposal, according to the Steel Minister, has been given a warm welcome by the workers' representatives. If all these measures indeed lead to the hoped for healthy industrial relations, one major obstacle to the

expansion of steel output will have been overcome. It is when one turns to the operational difficulties that one gets doubts about the progress being made. The spokesmen of neither the Steel Ministry nor the HSL have clearly spelled out the steps being taken so that the Government steel plants do not continue to be plagued by technical and operational difficulties. Reports have it that the HSL is inclined to look upon Durgapur as a permanent liability; if true, this is most disturbing. If Roukela could be set on the right path after experiencing problems of the same dimensions as faced by Durgapur, there is no reason why anyone should be pessimistic about the latter making its optimum contribution to the efficient functioning of steel industry and in the process showing profits. In any case, the challenge will have to be faced. If drastic remedial measures are to be undertaken, they will have to be enforced.

So long as the HSL does not set its house in order, its plea that the costs of production are rising and that it should be compensated for the same by higher retention prices, even if justified, is likely to be dismissed as an attempt to cover its inefficiency. Presumably, the Chairman of the HSL, Mr K. T. Chandy, is aware of this. This is why in his recent statement he has talked of a 10 per cent rise in the cost of production, at the same time saying that the HSL will not demand a price rise at this stage but would try to offset part of the higher cost by higher production. But Mr Chandy is not alone in drawing attention to the escalation in the costs of producing steel. The private sector steel units have already made a representation to the Government for higher prices.

Their case is that the element of Rs 9 provided in last year's increase of Rs 75 in steel prices on account of the wage settlement has been most inadequate. Moreover, the costs of some of the raw materials and refractories have moved up and the recent railway budget will inflate the cost of transport of coal and other goods. Tata Steel could also argue that with its current satisfactory utilisation of capacity there are limitations to further improvement. If the costs of production could be brought down through technical and other innovations, this would need funds. The company's Rs 106-crore programme for replacements and modernisation is not having a smooth passage because of the difficulties in raising resources. The planned debenture issue of Rs 20 crores is still not sanctioned because of the dispute that has developed over the question of giving Government financial institutions the right to convert their loaned amounts into equity. If the Government is not going to budge from its policy on the conversion right it must at least indicate the way resources can be raised for the modernisation programme which could help in bringing down the cost of production. Otherwise, Tisco will have to generate enough internal resources to be ploughed back for financing the programme. This can result only from higher prices for steel. In that eventuality it may be wiser for the Government to reduce the excise levy of Rs 150 per tonne so that the consumer does not have to pay more for his steel. Higher steel prices would only set in motion a chain reaction that would add to the inflationary forces.

Boundaries of savings

THE replies of the Union Finance Minister, Mr Y. B. Chavan, to the debates on the Union Budget in the two Houses of Parliament are significant in that they seek to spell out the principles on which his fiscal policy as embodied in this year's Budget was based. This aspect of the question was generally ignored by the Members of Parliament who participated in the debate. Their main criticism has been that the Budget is antithetical to socialism and that it is devoid of a strategy to promote growth. The arguments were on familiar lines. It was contended that the indirect taxes would push up prices because the producers would be in a position to pass on the burden to the consumer. This would affect the cost of living which is already at an unconscionably high level. The direct taxes would discourage savings and investment and would give a further fillip to tax evasion. All this would result in a deceleration in economic growth and in the rate of expansion of employment opportunities.

It was not difficult for Mr Chavan to reply to these arguments. Once the need for extra tax effort was recognised, any imposition of fresh taxation would necessarily mean imposition of some burden somewhere. It is quite logical to argue that if the burden falls on the producers economic growth would suffer and if it falls on consumers the cost of living would rise. This time the members did not emphasise the need for reducing non-Plan expenditure. This could be partly due to the fact that all that could be said on the subject has already been said. There was also the realisation that with the influx of refugees from East Bengal it was difficult for the Union Government to economise on non-Plan expenditure. Mr Chavan in his reply argued that most of the non-Plan expenditure was on such items as defence, police, debt servicing, food subsidy and relief for East Bengal refugees. He referred to the interim relief given to Central Government employees which would cost the exchequer Rs 106 crores. These are the constraints under which the Finance Minister had to formulate his Budget proposals.

This being the situation, Mr Chavan confined himself to just two concessions. He agreed to withdraw the levy of 10 paise per kg on *maida* processed by roller flour mills in the organised sector. This would deny him a prospective revenue of Rs 7.4 crores. His other concession is the dropping of the proposal to increase the excise duty on coarse cloth. This is a symbolic gesture. The total revenue expected in the whole year on this count would not have amounted to more than Rs 16 lakhs and this would have been distributed among the States.

Greater attention, therefore, must be focussed on that part of Mr Chavan's replies where he throws some light on the principles underlying his fiscal proposals. Two of the principles should be of particular interest. One is that the policy of the Union Government henceforward would be to increase the proportion of direct taxation in the total tax revenue. The other is that not only was the Finance Minister anxious to impose a virtual ceiling on income but he was also opposed to the policy of encouraging savings beyond a level where it led to accumulation of wealth. It is under this principle, according to Mr Chavan, that the incentive for saving in excess of Rs 5,000 per annum has been diluted.

There is a school of thought in the country which believes that the contribution of direct taxation in our total tax effort is not adequate. In an ideal tax system the ratio between direct and indirect taxes should be 50 : 50. Without going into the arguments for and against this point of view, it needs to be pointed out that the direct taxes cover a very narrow section of the population. The co-efficient of buoyancy is of the order of 0.77 only. This means that the yield from income tax rises less than proportionately with the rise in the national income. There seems to be some ground thus for stepping up the yield from direct taxation. The best way to do this, at the moment, is to bring agricultural incomes within the ambit of taxable incomes. It is here that the co-operation of the States is desirable but is not forthcoming. Assuming that the Centre fails to induce the States to co-operate, the correction of the ratio between direct and indirect taxes will have a serious impact on the growth of the private sector. A countervailing policy, therefore, would be to develop the public sector at a rate faster than what prevails today. It is doubtful whether the Union Government has resources in terms of finance and personnel to achieve such a higher rate.

The decision to curb savings beyond a particular level so as to discourage accumulation of wealth cannot but lead to disincentive as far as savings and investment in the economy are concerned. It would be much better if straightforward ceilings on income and wealth are imposed. This will lead to gaps in the economic activity of the more affluent sections of our people at a time when the growth impulse is disturbingly weak. This is the hazard which we will have to face. The Union Government would do well to examine all the aspects of its policies before attempting to implement them piecemeal.

ALTHOUGH the Government is in business in a big way the *Babus* in the Finance Ministry have not yet grasped this elementary fact. Had it not been so, some of the top executives of our public sector undertakings would not be given a measly allowance of £10 to £12 per day while on tours abroad. Some may be given a little extra. But can anyone expect these executives to do on equal terms big business abroad, such as selling our goods to give a boost to exports, striking a big steel deal to import this badly needed raw material for our engineering industry, or buying ships and power equipment and other machinery costing millions of pounds? Businessmen abroad enjoy large expense accounts and they expect our official businessmen also to extend hospitality on the same scale as they do. How can you do this even on an allowance of £15 per day when your host may book a suite for you in a decent hotel thinking that the chairman of a large corporation would require this facility to receive suppliers or agents or collaborators? Many public sector executives have gone through embarrassing moments when they found that their daily hotel bills were much more than the daily foreign exchange allowance granted to them. In such a situation they would either change the hotel after a day or two or throw a hint to their foreign suppliers to look after them. The economy that is being practised in granting foreign exchange allowances to executives of our public and private sectors is an economy conceived by a clerk without imagination. Eventually this does not turn out to be economy because those who look after our executives abroad get an upper hand in negotiations at a fantastically cheap price. It is better to sanction £50 a day to our public sector executives than to overpay thousands of pounds in business deals. I understand that a former Governor of the Reserve Bank of India was also exercised over this absurd situation which harms the national interest in every way. He even made an attempt to persuade the Finance Ministry to be liberal, but the bureaucracy of the Ministry did not budge. I am against any extravagant use of public funds, but here is an issue where a liberal and sensible attitude would eventually prove more economical.

★

I am not surprised that the Soviet quisling Dr Husak's Government in Prague has declared India out of bounds for Czech tourists. Dr Husak's Government is reported to have circulated a note that Czech tourists are not to be allowed to go to India which has been bracketed with Yugoslavia and the UAR as a capitalist country. This is particularly surprising because New Delhi kept servile silence at the time of the Russian invasion of Czechoslovakia in August 1968. Incidentally, this also should be an eye-opener to the so-called spineless neutral powers who hold laughable summits in Cairo or Belgrade. However, even when New Delhi, Cairo and Belgrade tilt towards the Soviet Union, they will never be accepted as equals. In the final analysis those who are out of the Soviet empire are candidates for eventual liquidation. Whatever may be one's views about China, it ought to be recorded that at the time of the Russian invasion of Czechoslovakia, China was the only major country which publicly condemned the military onslaught of the Soviet

EDITOR'S NOTEBOOK

Union on her small and helpless ally, China had her own reasons for condemning the Soviet Union. But the fact that she did do so was more important than the indifference of the then Johnson Administration in the United States. In fact, President Johnson was angry with the Czechs because they spoiled his chances of going to Moscow for a summit with the Kremlin bosses. The American attitude at the time of the Czechoslovak invasion strengthened the Chinese charge that the world was ruled by the concealed alliance of the two super-powers. Having said this one should concede the fact that Czechoslovakia is not a free country and the designation of India as capitalist or otherwise by the Czech viceroys of Moscow is irrelevant to the friendship between the free people of India and the temporarily subjugated people of Czechoslovakia.

★

What we have been preaching all the time the Jesuits of Mexico have decided to practise. We are complaining that all our academic talents are concentrated in urban areas and that the rural areas are starved of even tolerable educational facilities. But our public school mentality does not permit us to look beyond a few cities. This is why I was thrilled to learn that the Jesuits of Mexico have proposed to close down one of Mexico's best schools in order that these Roman Catholic educationists could devote their time to the cause of the rural poor. The Jesuits have more than 30 years of experience in providing Mexico's ruling elite and professional classes with education of the highest standard. But now they have decided to turn their back on the cloistered school in order to tackle the education of the rural masses. The only comparable instance that comes to my mind of such a case is that of the late Nanabhai Bhatt, the great Gandhian educationist of Gujarat, who all of a sudden closed down his institution, Dakshinamoorti in Bhavnagar, and went to the rural areas and established Gram Dakshinamoorti.

What weighed with the Jesuits is the imperative need for a reorientation of the Mexican educational system. According to them, this system does not at present bring light and learning to the under-privileged classes. Nor does it help improve the general level of education in a country where, according to the UNESCO figures, the illiterate number 10 million in a population of 48 million. What has appalled the Jesuits is the fact that, in the age-group 15 to 19, only 4 per cent of the children of the Mexican poor can afford to attend school. The parents of the 2,500 pupils in the school have received an 18-month notice during which the Jesuits will wind up their institution and the parents transfer the children to other schools. When dispersed in different parts of the Mexican countryside, the Jesuits will endeavour, as they have declared, "to inculcate attitudes of service and

not reproduce the competitive and possessive mentality" of present-day upper-class education.

★

Recently Dr Gisela Bonn, the famous German TV writer and journalist, interviewed the Prime Minister, Mrs Indira Gandhi, for the German TV network, Dr. Bonn asked the Prime Minister numerous questions. Quite a few of them related to the growth of Mrs Gandhi's personality. The whole interview is an exhilarating document on one woman talking to another. I would like to record the Prime Minister's reply to the following question:

Q. : *Madame Prime Minister, what has been your most intense experience? And who are the people who have influenced you most?*

A. : *I have led a life of such excitement and such intense involvement with the happenings around me, that it is difficult to isolate any happening. But the first thing I remember for instance is when we burnt our foreign clothes, and it made a deep impact, because I was practically a baby then. Then of course there were all the experiences of the hardship of the freedom struggle. Our house was constantly being raided, our things being removed, people were being arrested, and all my life I was interviewing people, whether my relatives or others, in prison. Then I organised my own children's organisation, so we had a lot of excitement, people being shot, we having to turn nurse, doctor, everything at different stages. And of course all this time there was very much the influence of my grandfather, my parents, and of course Mahatma Gandhi who was like an elder figure all the time with the family.*

Then I had the great good fortune to go to Tagore's University. It was an entirely different world, so peaceful, "Shantiniketan", with the whole art, music, which I had never known at all before. It opened up an entirely new dimension in my life. Even in my house, you know, my father's friendships were with artists, writers, scientists, so that one did meet those people. I would say that although I have met a lot of the great people of the world—I have met Einstein and many people like that—I think that the influence is more that of the many smaller people one meets because it is more subtle. I think when you meet a great man there is a certain amount of resistance to be influenced, but it's the smaller people, the principals of the schools and colleges I have been to, and I would say my children have influenced me also. It seems strange because sometimes you think it's more the other way round. It's a process. It is not that you are influenced and—fullstop. But it is a process all the time. The people you meet and experiences you have, they change you all the time. That is the only way you can stay alive, because if you stop that process then you are not really alive.

MARKET GOSSIP

Dearer loans

THE Union Government has announced the first phase of its borrowing programme for the current year. Through three cash cum conversion loans short, medium and long-dated the Government proposes to raise Rs. 275 crores or 75 per cent of the aggregate gross borrowings of Rs. 500 crores, provided for in the Budget. All the three loans—47½ per cent 1978-5.25 per cent 1986 and 5.75 per cent 2001—are to be issued at par. Subscriptions will be received from July 1 to 3 and the securities of the 4.5 per cent 1971 loan will be accepted for conversion at par.

The interest rates are higher by 0.25 per cent as compared to those on loans for comparable periods floated last year. This is in line with the expectations in the market that Government borrowings will reflect the higher cost of raising money. There has been a departure from last year's policy of issuing only one loan of 30 years maturity in the first phase. Presumably the issue of medium- and short-term loans at this stage is to tap the banking funds. These institutions, usually prefer to invest their funds in the short-term loans. But they have now been offered a wider choice with the issue of short- and medium-dated loans. The subscription to the 5.75 per cent 2001 loan will mainly come from the Life Insurance Corporation whose investments are expected to be about Rs. 50 crores.

The bulk of the 4.5 per cent 1971 loan which matures on July 1 and will be accepted for conversion is held by the Reserve Bank. The outstandings total Rs. 332.10 crores. With the Government reserving the right to retain subscription up to 10 per cent in excess of the notified amount, the gross borrowings in the first phase could be as high as Rs. 413.5 crores. The net borrowings would therefore, vary between Rs. 42.90 crores and Rs. 81.40 crores. This in turn will mean that in the second phase, possibly in September, the Government will have to mobilise additional net borrowings of Rs. 55 crores to Rs. 85 crores since the Budget takes into account net borrowings of Rs. 136.29 crores. The borrowings figure will be fixed accordingly. In all probability, the Government may not have to come out with a floatation of more than Rs. 75 crores since the borrowings in July are expected to prove a success. Conditions in the money market are easy and the inter-bank call money rate is 4.5 per cent. This is an indication, along with other data, of the easy position of the banks. The Government can also depend on good support from provident funds and other institutional investors. Only the individual investor may not take much interest. □

Banks and proxy wars

WHETHER the private sector likes it or not, it is inviting government financial institutions to take greater interest in the management of the corporate sector. This is the direct result of the proxy wars that have been witnessed in three major

companies. The attitude of banks was the crucial factor that decided last year the fate of the management of the Indian Iron and Steel Company. The same may be the case with the National Rayon Corporation and Synthetics and Chemicals whose annual meetings are slated to be held in the next few weeks. Here besides the banks the LIC will also be in the picture more in the case of Synthetics and Chemicals. In fact, the LIC is putting up one of its senior officials, Mr. J. T. Rana-diva as a candidate for the Board of Directors of Synthetics and Chemicals.

The in-fighting in the NRC has already resulted in the intervention of the Company Law Board and the possibility of two government directors being nominated is there. The contest in this company is between the Chinais and Kapadias with the latter seeking to have the dominant voice in the management. The Kapadias and their friends claim that in a straight contest with Chinais they will have their nominees for the Board of Directors elected on the strength of their holdings and proxies. But they also know that it is the banks which will have a decisive say in the results. These institutions are holding nearly one-sixth or 80,000 out of 4.95 lakh shares of the company. In respect of shares pledged with them by the borrowers the banks can exercise the voting right. Rather, it is the Reserve Bank of India which will direct the commercial banks as to what they should do at the annual meeting—whether they should abstain or whether they should vote for the candidates of Chinais or those of Kapadias or whether they should vote on the individual merits of different candidates. The LIC's holdings in the NRC are very small.

The annual general meeting of Synthetics and Chemicals is due to be held on June 29 and it will see a trial of strength between the Kilachand Group, which currently controls the management, and the Firestone Tyre and Rubber Company who are their foreign collaborators. Firestone for two years now has not been seeing eye to eye with Kilachands and saw to it that last year Kilachand Devchand Pvt. Ltd. lost its sole-selling agency of Synthetics and Chemicals. This year the Firestone representative, Mr. F. J. Reighley, is contesting the election to the Board of Directors. Firestone, which holds 25 per cent of the paid-up capital of the company, has also announced that it would support Dr. J. D. Bannerjee, Mr. J. N. Heredia and Mr. Karl Keshawala who will be opposing Mr. S. L. Kuloskar, Mr. Pravin-chandra V. Gandhi and Dr. R. C. Cooper who, according to Mr. Reighley, invariably support Kilachands. In this company the LIC and its subsidiaries together hold 63,000 shares and the banks 50,000 shares. These institutions, therefore, can tilt the balance according to their attitude. □

Beating the speculator

THIS week a conference was scheduled to meet in Mexico City to devise measures to ensure that the price of silver reflected its scarcity. The Mexico Government is obviously worried that prices of silver should have fallen when there is an acknowledged shortage of silver in the sense that new production has for the past few years been smaller than the annual demand for the white metal. During the current year, the deficit would be of the order of 150 million ounces against an estimated consumption of 400 million ounces. And yet, a Mexico Government spokesman has pointed out that the price of silver has dropped from \$2.48 per ounce in June 1968 to \$1.60.

Why has this happened? Mexico has traced the cause to the shrewd policy of the Silver Users' Association, the main consumer bloc on the New York market, which led to a panic among speculators and hoarders who began dumping silver as fast as possible around the turn of the year. The Mexico Government feels that speculation has to be curbed as a first measure in restoring silver prices to their true level. Hence this conference of Mexico, Peru, Canada and Australia which between them account for 78 per cent of the world silver production, with the US and other interests. It will be some time before results of the conference are known but they should be of interest to this country. Lot of silver is smuggled out of India and the organisers of the conference are not overlooking the fact that the world's largest stockpile of silver is in India though in the form of silverware and other articles which they estimate at between 2,000 million and 7,000 million ounces. In any plan drawn Mexico would like to ensure the co-operation of India to make its implementation a success. □

Worry over sugar

WHATEVER the sugar industry might feel about the recent rise in prices, say in Maharashtra, the Chief Minister, Mr. V. P. Naik, is obviously worried. He has said that the State Cabinet had decided to urge the Centre to release more sugar for sale to arrest the rising prices. The Government also proposes to ask the sugar industry to give some quantity of sugar to the Government for distribution through fair price shops.

Mr. Naik does not believe that the recent rise in price, which has taken the level to about Rs. 2 per kg, is the result of de-control. Rather he feels that an artificial scarcity is being created. This view, in fact, reflects the misgivings created among sugar trade circles about the efficacy of the mechanism of monthly releases. The trade has been complaining that of late factories in the co-operative and joint stock sectors have been turning down its tenders on the plea that the prices offered are not adequate. The sugar industry would do well not to ignore the plea of Mr. Naik and the trade. Otherwise it is likely to invite the wrath of the public. (See also Survey.) □

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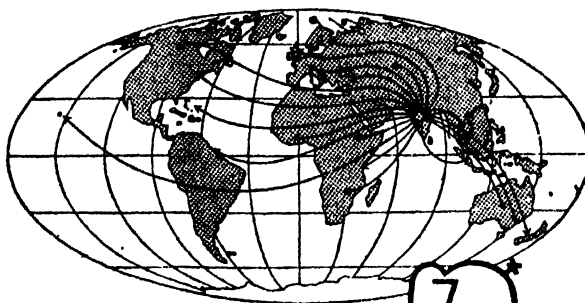
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SURVEY

IMPEDIMENTS FOR PLASTICS

IF the investment and employment figures are to be taken as yardsticks, the plastics industry in the country is already an important sector of our industrial structure. Already, over Rs 100 crores have been invested in this industry which provides employment for nearly 100,000 people. But even then the industry cannot be said to have come of age since the lines of development are comparatively small in number. All over the world extensive use is being made of plastics in construction, engineering, packaging, electronics, power distribution and many other industries. Engineering plastics in particular are fast developing as substitutes for metals in the construction industry. In our own country, which depends heavily on imports of non-ferrous metals, the growth of engineering plastics should indeed be an important objective of the industry and the Government. But such a development is impossible to visualise unless plastic products are made competitive cost-wise in relation to conventional materials. It is the inability of the plastic products to stand this test which is preventing them from making inroads into fields they should. And it looks as though the Government is not going to be helpful in bringing down the costs.

The petrochemicals are admittedly the cheapest source of raw materials for plastics. But with the recent changes in tax holiday allowance, abridging the list of priority industries and increases in the price of naphtha, the cost of production in this industry is moving up. Mr Arvind N. Mafatlal, Chairman of the National Organic Chemical Industries Ltd (Nocil), has estimated that in the two years 1971 and 1972 the company would lose the tax benefit that there would have been on Rs 3.17 crores if the tax holiday scheme were not disturbed. Additionally, the higher price of naphtha and the rise in excise duty on certain items would put a burden of Rs 1 crore during a full year. And he added, the company would have to consider to what extent all this additional burden could be passed on to the consumers who include plastics manufacturers. The Polyolefins Industries, with which also Mr Mafatlal is associated, will be paying for ethylene Rs 70 per tonne more because of the rise of Rs 30 per tonne in the price of naphtha, and the cost of production of its products would thus go up. This is apart from the loss of tax benefits of a priority industry and the deprivation of a benefit to the extent of Rs 65 lakhs in the current year and next because of the change in the scheme of tax holiday. Not that Mr Mafatlal was pessimistic about the growth of the two companies; on the contrary, he struck an optimistic note. But what is true of Nocil and PIL in regard to cost of production should also hold good for other petrochemical complexes and plastic product manufacturers. In other words, we can look forward to a rise in prices of plastics, which would mean that there will be greater impediments in their way of proving competitive in relation to conven-

tional materials. Further, if higher prices lead to a slowing down of the growth in demand for plastics, it would be the small-scale sector which would be particularly affected. Of the 4,500 plastic processing units, no less than 4,000 are in this sector. □

WHAT PRICE SUGAR ?

THE decontrol of sugar was not entirely of the industry's seeking. It would probably have been more satisfied for the present with a higher levy price, the abolition of the differential excise duties on levy sugar and free sale sugar and the building up of a buffer stock. But now that the industry is decontrolled, there is an obligation on it to ensure the success of the policy in order that both the industry and the consumer reap its benefits. This was presumably what was in the mind of the Union Agriculture Minister, Mr Fakhruddin Ali Ahmed, in sounding the warning that the Government would not hesitate to regulate again the prices and distribution of sugar if it found that the industry or trade was not playing fair. The sugar industry, whether in the joint stock or the co-operative sector, should not overlook that the consumer expects the new policy not to result in additional burden on him, if not working in his favour. Even if the free market prices had stabilised at the pre-decontrolled levels, it would have still meant that a household in urban and other areas where there was public distribution of sugar would have been paying more for its sugar since the cheaper levy sugar would not have been available and it would have had to depend entirely on the free sugar market for its needs.

During the current week sugar prices have been looking up even after the monthly release of four lakh tonnes. Doubts are already being expressed whether the mechanism of monthly releases would lead to a stabilisation of prices since several factories are reportedly turning down tenders from the traders on the ground that the prices offered are not adequate. The industry must prove these doubting Thomases wrong if it is really keen that the Government should pursue decontrol as a long-term policy. The argument of Mr S. K. Somaiya at the annual general meeting of the Indian Sugar Mills Association that price variations are a normal feature in a free economy will not carry conviction with the public if the "normal feature" means the paying of unduly high prices for sugar. Even a price of Rs 2 per kilo is not to the consumer's liking.

Obviously, the Government is keen that the industry should strengthen its hands in making decontrol a success. Mr Ahmed has conceded that the lowering of bank margin and a higher level of credit to the industry had become important in view of the large sugar stocks of 2.1 million tonnes with the industry at the close of last season and the anticipated production of 3.8 million tonnes this year. He has promised to take up the question of margin with the Reserve Bank and the nationalised commercial banks. Mr Somaiya

has, in addition, suggested that, among other follow-up measures, suitable adjustments be made in the fixation of minimum cane prices to protect the interest of low recovery zones. His contention is that it is unfair that while the sugar mills should be called on to pay higher prices, where the base sucrose recovery is more than 9.4 per cent, there is no lowering of prices when recovery falls below the minimum. He has proposed that provision should be made for discount in cane prices for decline in recovery below the base level at the rate of 6.6 paise for every 0.1 per cent decrease, subject to a floor recovery of 8 per cent. Whatever the attitude of the Government on this demand, the basic fact remains that in large parts of the country, particularly in the northern region, the yield and quality of cane need to be improved if the sugar industry is to be put on a stable footing. Mr Somaiya's suggestion that encouragement should be given, particularly to the factories in the northern region, to get directly involved in cane development has much force in this context. This could be achieved by earmarking a certain percentage of areas in the factory zones for cane development by mills. This type of experiment in Maharashtra and in the southern region has paid good dividend, and there is no reason why similar results cannot be obtained in Bihar and Uttar Pradesh. □

THE KING TAKES A HAND

THE prospect of India and Nepal concluding a new trade and transit treaty has improved as a result of the visit of the King of Nepal to New Delhi last week. The talks he and his aides had with Mrs Indira Gandhi and some of the Central Ministers and officials have helped to narrow down the differences between the two Governments on the form and content of the new treaty. The negotiations had been deadlocked since November last year mainly over three issues: (a) whether there should be an overall agreement covering both trade and transit or a treaty for each, (b) Nepal's demand for an alternative land route for the movement of goods via Radhikapur on the West Bengal border and thence through East Bengal, and (c) the deflection of Nepalese goods like stainless steel, utensils and man-made fibres into India. Even after the expiry of the old trade and transit treaty, India as a gesture of goodwill to Nepal unilaterally decided to continue the facilities for the movement of goods to and from that country until new arrangements were worked out.

One of the obstacles to the conclusion of a new treaty, namely, Nepal's insistence on a trade exit route to East Bengal through Radhikapur, has been automatically removed because of the unfortunate developments in that wing of Pakistan. Radhikapur has now lost its significance for Nepal. Nevertheless, India would be willing to provide increased facilities for

Nepal's trade. Nepal, on her part, would appear to have resiled from her stand that there should be two separate treaties as she probably now realises that a combined trade and transit treaty will serve her national interests better. Similarly, it seems the realisation has dawned on her that the deflection into the Indian market of Nepalese goods based on imported materials benefited individual entrepreneurs and traders rather than the country as a whole. Now that the deadlock has been broken, thanks to the King himself taking a hand in the matter, there is no reason why the negotiations, which will be resumed in the third week of this month after his return to Kathmandu from an official tour of Afghanistan and the Soviet Union, should not be brought to a successful conclusion before long. □

RALLY IN US COTTON

WITHIN just three or four weeks a remarkable change has come over the cotton crop picture in the United States and production, it is now estimated, will be of the order of 11.5 million bales instead of 9 million bales as forecast in early May. The drought in the Texas has broken and farmers have made rapid progress with planting. Mississippi, another important cotton growing region, is experiencing ideal weather that has helped farmers to replant all the cotton damaged earlier. The United States thus may not turn into an importer from an exporter as was anticipated only a few weeks ago. Visualising such a possibility Japanese buyers had gone in for some brisk business and this, coupled with disruption of exports of cotton from Turkey, had sent the cotton prices bouncing on the New York Cotton Exchange. The price trend has now been reversed, and the Japanese have reportedly withdrawn from the market. For the Indian cotton mill industry which is relying on the Government's plans for importing 11 lakh bales of the fibre during the current cotton season to tide over the difficulties it is facing, these latest reports of the cotton crop prospects in the United States should bring some cheer. Otherwise it would have been pushed into a situation where inadequate quantities of cotton would have been available at very high prices.

What should be of particular interest is that it has been possible for the world to get the changing picture of cotton prospects in the US at a remarkably fast pace. This is because of the well-knit official machinery that is in operation in the United States to give an accurate picture of the cotton situation at every possible stage during the season. Speculation is thereby curbed and market prices reflect the true supply and demand position. This was exactly what the outgoing Chairman of the Indian Cotton Mills Federation, Mr Radhakrishna R. Ruia, was driving at in demanding the setting up of an agency by the Government to provide a timely and reliable estimate of the cotton crop in the country. As he has pointed out, a dependable crop estimate will reduce the wide fluctuations in prices and possibly help save some foreign exchange by making it possible to plan in time for adequate imports. □

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	May 22, 1971	May 15, 1971	Apr. 24, 1971	May 23, 1970	Over a week ago	Over a month ago	Over a year ago	Over two years ago
Food articles ..	204.0	203.2	201.2	204.1	0.4	1.4	-0.04	5.5
Industrial raw materials ..	185.9	185.4	186.6	198.8	0.3	-0.4	-6.5	4.9
Manufactures ..	161.9	162.0	162.6	160.0	-0.1	-0.4	7.9	16.0
All Commodities ..	182.0	181.7	181.3	179.8	0.2	0.4	1.2	7.8

Money and Banking

(Rs crores)

	May 28, 1971	A week ago	A month ago	A year ago	Percentage variation		
		May 21, 1971	Apr. 30, 1971	May 29, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply ..	7,408 (a)	7,342	7,342	6,650	0.9	0.9	11.4
Bank credit ..	4,719	4,688	4,686	4,180	0.7	0.7	12.9
Bank deposits ..	6,111	6,080	5,992	5,174	0.5	2.0	18.1
Credit/deposit ratio ..	77.23	77.10	78.21	80.79	..	..	..
Foreign exchange reserves ..	774 (c)	782 (c)	778 (c)	833	-1.0	-0.5	-7.1

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/ Index			
Industrial production (seasonally adjusted) ..	1960=100	Jan. 71	182.3	181.7	3.3	0.4
Exports ..	Rs crores	Mar. 71	136	101	-34.7	3.0
Imports ..	Rs crores	Mar. 71	139	151	-7.9	15.8
Trade balance ..	Rs crores	Mar. 71	-3	-50	..	..
Foreign exchange reserves ..	Rs crores	end-May-71	782 (c)	774	1.0	-3.3
Cost of living index ..	1960=100	Mar. 71	184	184	..	3.6

ANNUAL INDICATORS

	Unit	1970-71	1969-70	1968-69	Percentage variation in 1970-71 over 1969-70	Annual rate of growth between 1968-69 and 1970-71
National income at 1960-61 prices ..	1960-61=100	142.5 (a)	135.1	119.7	5.5	3.0
Per capita income at 1960-61 prices ..	1960-61=100	114.1 (a)	110.6	109.6	3.0	0.7
Agricultural production ..	1949-50=100	177.6 (a)	169.9	159.4	4.5	1.8
Foodgrains production ..	Million Tonnes	104.5 (a)	99.5	89.0	5.0	2.7
Industrial production ..	1960=100	179.0 (a)	174.9	144.8	2.3	3.6
Exports ..	Rs crores	1,631	1,413	1,286 (b)	8.4	3.0
Imports ..	Rs crores	1,651	1,567	2,126 (b)	5.4	-4.1
Trade balance ..	Rs crores	-120	-154	-840 (b)	..	..
Foreign exchange reserves (year-end) ..	Rs crores	732	821	893	-10.8	10.9
Money supply (average) ..	Rs crores	6,726	6,009	3,886	11.9	9.7
Bank credit (average) ..	Rs crores	4,328	3,583	1,808	20.8	15.7
Bank deposits (average) ..	Rs crores	5,517	4,731	2,467	16.6	14.4
Wholesale prices (average) ..	1961-62=100	181.2	171.6	122.3	5.6	6.8
Cost of living index — working class ..	1960=100	187	177	129	5.7	6.4

Notes :

- Estimated by Commerce Research Bureau.
- At post-devaluation rate.
- While estimating foreign exchange reserves, SDRs transactions that might have taken place on April 30, 1971 have not been taken into account.
- The figures indicate percentage change during the current calendar year upto the month indicated as compared to corresponding period in the preceding calendar year.

THE WEEK

THE Governor of Punjab, Dr D C Pavate, dissolved the State Assembly on June 13 on the advice of the Chief Minister, Mr Prakash Singh Badal, and accepted the resignation of Mr Badal's 14-month old Akali Ministry. The Governor, in his report to the Centre, also recommended the imposition of President's rule in the State. The resignation of the Badal Ministry followed a revolt by 18 Akali legislators, including six members of the Council of Ministers, who formed a parallel Akali Dal under the leadership of a former Chief Minister, Mr Gurnam Singh. On June 15, the President signed a proclamation taking over the State's administration under Article 356 of the Constitution.

Domestic air fares have been increased by 15 per cent with effect from July 1 by Indian Airlines. The increase will, however, be only 7 per cent in the eastern sector as no other easy mode of transport is available in that region. According to an announcement by the Indian Airlines, passengers holding round-trip tickets will have to pay the excess fare if the first leg of the journey does not begin before July 1.

The Governing Council of the United Nations Development Programme (UNDP) has approved three more projects in India for a total assistance of \$2,047,500. These projects relate to (1) demonstration plant for irradiation sterilization of medical products; (2) a centre for the development of educational mass media; and (3) pre-investment surveying, mapping and training programmes.

India's trade deficit declined marginally in April 1971 to Rs 17.21 crores from Rs 18.87 crores in the corresponding month of 1970. Exports in April totalled Rs 127.12 crores compared to Rs 127.73 crores for the corresponding month last year. Imports declined from Rs 146.60 crores in April 1970 to Rs 144.33 crores this April.

The Reserve Bank set up on June 15 a regional office of the Department of Banking Operations and Development at Jaipur. It will have under its jurisdiction offices and branches of commercial banks situated in the State of Rajasthan.

According to an announcement by the Union Government, licences were issued to 35 industrial undertakings in the month of April 1971. These were for the manufacture of items such as wire ropes, high duty alloy, grey castings, transmission equipment for long-distance communications, electric motors, vacuum driers, air compressors, tungsten carbide bits, room air conditioners, caustic soda, disperse dyes, art paper, plastic coated industrial packaging paper and tanned skins. During the same period 39 letters of intent were also issued for items including gear blanks, light forgings, ball bearing races, electronics equipment, clutch release bearings, tie rods, drag links, ball bearings, roller bearings, howard tractor mounted rotators rolling cutter rock drill bits, auto air conditioners, basic chromium sulphate and industrial V belts and fan belts.

Three State Government undertakings—the Industrial Development Corporations of Jammu and Kashmir, Tamil Nadu and Haryana—have been issued letters of intent for producing 400 million cigarettes

each per annum. Three private companies were also issued letters of intent for setting up new cigarette factories. These are: Nava Bharat Enterprises, Golden Tobacco Co and East India Tobacco Co.

The Union Government has allowed as an interim measure a price increase of about 4 per cent in the price of milk foods prepared for infants.

The auction sale of 212,472 shares of Jayanti Dharma Teja in the Jayanti Shipping Corporation which was to be held on June 14 has been postponed for the third time. The auction will now be held on August 14, 1971. The postponement of the auction sale was made following a request by private shipping companies on the ground that the Monopolies Commission has not yet given them permission to bid in the auction.

Mr S. Mohan Kumaramangalam, Union Minister for Steel and Mines, announced in the Lok Sabha on June 14 that the Union Government has decided to appoint two representatives of the workers on the board of directors of the Hindustan Steel to strengthen the relations between the management and the labour.

A new programme of airborne mineral survey of over 80,000 sq kilometres of potential ore-bearing areas of Mysore, Madhya Pradesh, Maharashtra, east Gujarat and south Rajasthan began on June 13. An Indo-French joint venture, the airborne survey will be completed within 30 months.

The Jammu and Kashmir Chief Justice, Mr Murtaza Fazal Ali, upheld on June 15 the ban on the All-Jammu and Kashmir Plebiscite Front imposed by the Union Government on January 12 this year.

Mr Ram Jaipal Singh Yadav, leader of the Congress (R) Legislature Party, has been appointed Deputy Chief Minister of Bihar.

The Ruling Congress retained the Ladakh Lok Sabha seat when its nominee Mr Kushak Bakula was declared elected by a margin of over 4,000 votes.

The Ceylon Government tightened on June 16 its press censorship by issuing new regulations under the Public Security Act. Accordingly, all news pertaining to any

Government activity will come under censorship.

In Parliament

The Rajya Sabha which was to have concluded its present session on June 18 will now sit till June 24.

Mrs M. Godfrey has been nominated to the Lok Sabha by the President to represent the Anglo-Indian community. She will be the second representative of the community in the House along with Mr Frank Anthony.

The Rajya Sabha passed on June 16 the Delhi Sikh Gurudwaras (Management) Bill 1971. The bill replaces the Delhi Sikh Gurudwaras (Management) Ordinance promulgated on May 20, 1971.

The Lok Sabha passed on June 14 the Gold (Control) Amendment Bill which seeks to plug the lacuna in the parent act caused by the invalidation of Section 71 by a judgment of the Supreme Court.

Money steady

Conditions were unchanged in the Bombay short-term money market as of Wednesday. Demand for funds was maintained but the supply of credit was short of requirements and there were borrowers over at the close. In the inter-bank call section, both renewals and fresh money were reported at 4½ per cent. In the Calcutta market, the rate ruled at 4½ per cent.

Price index

No official data on the Index Number of Wholesale Prices for the week ended May 29, 1971 were available.

PEOPLE

Dr K. S. Shelvankar has been appointed India's Ambassador to the Soviet Union.

Mr Mario Pellegrino, Managing Director of Atlas Copco (India) Pvt Ltd, has been appointed Managing Director of Atlas Copco Italia SPA with headquarters in Milan. Mr Alain Grenard takes his place in India.

Mr Chandappa Patel has taken over charge as Chairman and Managing Director of the Mysore Paper Mills.

Mr C. G. Shivadasani has taken over as Acting Secretary of the Textiles Committee.

50 years ago

The daily papers wore a dejected and neglected appearance last week, cabled news from the outside world being eight days late—the heaviest delay experienced since the war—and even when Reuter's messages began to come through they were few and far between and were for the most part "weary, stale, flat and unprofitable." The cause, we are told, is large renewal work on the Eastern Telegraph Company's Red Sea cables, which it is hoped, when completed, will result in a vast improvement in the cable service to India. We have heard much during the last year or two of projected improvements in this direction, and we trust that we shall not, in the long run, be disappointed. In the meantime, however, there is a

good deal to be desired, and it must be admitted that the service is scarcely commensurate with the financial position of the companies. Writing of the Eastern Telegraph Company and its associated undertaking, the Eastern Extension, Australia and China Telegraph Company, nearly a quarter of a century ago, Sir Charles Bright remarked that "for the commercial and financial world generally, no less than for the telegraphic, their prosperous career will always have a fascination"; but although we derive a certain amount of gratification from a perusal of the fine record of these concerns, with their imposing array of reserve allocations, we cannot help expressing the thought that they might have made better use of their vast resources.

COMMERCE

June 18, 1971



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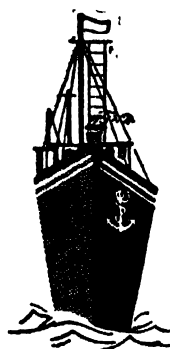
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BANGLA DESH REFUGEES

UN machinery on the move?

NEW DELHI.

ONE swallow does not make a summer and the sudden drop in the refugee influx into West Bengal from an average of over 60,000 a day to about 25,000 last Saturday does not constitute a declining trend. The fury of the elements might have had much to do with the slowing down of the movement of evacuees from Bangla Desh. The monsoon is in full swing now in the eastern region and until it peters out there will be an abatement of the human inflow. So far a large number of people in Bangla Desh have been forced to leave their homes because of, in the first instance, the atrocities perpetrated by the West Pakistan armed forces and later pestilence. But now another factor which causes mass migration is rearing its ugly head. The spectre of famine is hovering over Bangla Desh and the fear of further privation through hunger may compel many to flee that land. Therefore, it would be premature to think that the refugee influx has begun to wane and will soon become a trickle.

However, in India there is now less evidence of the panic and desperation that the unending flow of refugees and the outbreak of cholera caused among the authorities. There has been some improvement in the utterly chaotic situation that prevailed until last week. The cholera epidemic which took a heavy toll of refugee lives in West Bengal has been practically brought under control. Better arrangements have been made for receiving medi-

cal and relief supplies from abroad and dispatching them to the refugee camps. The large-scale movement of evacuees from West Bengal has begun. It is intended to move in all about 2.5 million refugees from West Bengal and Tripura by train and air to 50 large camps in Madhya Pradesh, Bihar, Orissa, UP and Assam.

The immediate plan is to send out five lakh refugees from West Bengal and one lakh from Tripura in order to relieve the pressure on these States. Within West Bengal, between six and eight lakhs are to be shifted from the border areas to the districts of Birbhum, Bankura and Midnapore. For the airlift of refugees the large transport planes sent by the US and the Soviet Union will be used.

The Prime Minister's visit last weekend to the border areas of Assam and Meghalaya, where the refugees are camping, has also helped to put heart into those tackling the refugee problem and assuage the feelings of the local people. She said at a public meeting that the sympathy of the world was with the evacuees and that the international community was now fully aware of the atrocities committed by the military regime. She added that, while ultimately Pakistan might have to bow down to mounting world pressure for reaching a political settlement with the people of Bangla Desh rather than snap ties with them, "we must now help the refugees to save them from death and destruction".

Fuller details are now available of the number of refugees who had come to var-

ious States until last Sunday. Of the total number of 54.67 lakhs, 43 lakhs were in West Bengal, 7.3 lakhs in Tripura, 2.53 lakhs in Assam and 1.83 lakhs in Meghalaya. About 43.5 lakhs, that is, 60 per cent of the total refugees were in camps and the rest were staying with relatives and friends.

A surprising development in the refugee situation was the unpublicised visit of Prince Sadrudin, UN High Commissioner for Refugees, to New Delhi early this week. He arrived here from Rawalpindi after a week-long visit to West Pakistan and Bangla Desh. Not much is known of the nature of his talks with the Rehabilitation Minister, Mr R. K. Khadilkar. But his visit to the refugee camps in West Bengal would undoubtedly before his eyes a refugee problem unparalleled in dimension and unprecedented in history. The Prince can, no doubt, be relied upon to do his utmost to get the external aid machinery moving in order to relieve India to some extent of the colossal burden cast upon her by the refugee influx. But assistance is only a palliative and cannot be sustained on a larger scale too long. The ultimate solution to the refugee problem lies in creating conditions in Bangla Desh whereby the refugees feel assured of the safety of their lives and property there and are encouraged to go back. The Prince will have served their cause well if he uses his high office to get at the root of the problem instead of remaining content with organising international relief for Bangla Desh refugees.

The Indian position on the refugee situation is that it is not of its making and, therefore, the refugees must return to Bangla Desh. Though the major powers generally accepted this they had, by and large, not explicitly said so. The objective of Mr Swaran Singh's mission to some of the world capitals is not only to secure unreserved support from these powers for India's stand but also persuade them to state their position clearly and frankly. That way alone the pressure of international opinion can be most effective in deflecting Pakistan from the path she is treading, which spells ruination for her and turmoil on the Indian sub-continent.

From all accounts he appears to have succeeded in achieving this objective although the Soviet Union alone, among the other countries he visited, has made a formal declaration of support. The joint statement issued after Mr Swaran Singh's talks with the Soviet leaders in Moscow calls for immediate measures in East Bengal to put an end to the exodus of refugees and to ensure conditions of peace and security to enable those who had already come to India to return to their homes by seeking a political settlement in the interests of the entire people of Pakistan and preserving peace in the region. The statement is a convincing gesture on the part of the USSR to India's call for international action to bring about a reversal of Pakistan's policy of military repression and genocide in East Bengal.

The response from some of the other world capitals which he visited is also en-

GOVERNMENT OF INDIA

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Subscriptions to the above loans will be received simultaneously and will be limited to a total of Rs. 375 crores (approximately). Subscriptions may be in the form of (i) cash/cheque or (ii) securities of the 4½ per cent Loan 1971 which will be accepted for conversion at par. Government reserve the right to retain subscriptions up to ten per cent in excess of the notified amount.

If the total subscriptions received for the new loans exceed the notified figure plus the amount of ten per cent retainable as aforesaid, partial allotment will be made in respect of the cash subscriptions received and the balance refunded in cash as soon as possible.

Interest at the rate of 4½ per cent per annum on the securities of 4½ per cent Loan 1971 tendered for conversion will be paid up to and inclusive of 30th June 1971 at the time of issue of the new securities.

The new loans will bear interest from the 1st of July 1971. Interest will be paid half-yearly on the 1st January and 1st July. Interest payable on the securities of all the three loans will be liable to tax under the Income-tax Act, 1961. Interest on Government Securities along with income in the form of interest or dividends on other approved investments will be exempt from Income-tax subject to a limit of Rs. 3,000 per annum and subject to other provisions of Section 80L of the Income-tax Act, 1961.

Subscription lists will open on the 1st of July 1971 and close on 3rd of July 1971 or earlier without notice.

Applications for the new loans will be received at:

- Offices of the Reserve Bank of India at Bangalore, Bombay (Fort and Byculla), Calcutta, Hyderabad, Kanpur, Madras, Nagpur, New Delhi and Patna;
- branches of the subsidiary banks of the State Bank of India conducting Government treasury work except at the branch of the State Bank of Hyderabad, Gunfoundry, Hyderabad; and
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couraging although it is not backed by joint declarations. In Bonn, Paris and Ottawa the leaders whom Mr Swaran Singh met endorsed India's stand that the tide of inflow of refugees from East Bengal had to be reversed by finding an early political situation to the problems that caused the exodus. The Foreign Minister did not do his round of these capitals to seek aid to provide relief to the refugees but to impress on them the gravity of the situation created on the sub-continent by the insensate repression let loose by Pakistan in Bangla Desh. India is naturally anxious that the aid which Pakistan is seeking from the Western powers does not result in the aggravation of an already serious situation. Mr Swaran Singh has, therefore, urged the major powers to deny the wherewithal of strengthening the Pakistani military machine. He has asked them to weigh the situation and judge for themselves if assistance to Pakistan at the present juncture would really help improve the situation. If some of them still felt obliged to give aid to Pakistan he has rightly advised them to ensure that the aid is used for humanitarian purposes and strengthening her economy and not for pursuing her repressive policies. It would be reasonable to hope that Mr Swaran Singh's mission had not been in vain. □

PUNJAB

Return of the Ruling Congress?

CHANDIGARH

THE Akali Government in Punjab is out. On June 13, the Governor accepted Chief Minister, Mr Prakash Singh Badal's resignation and also his recommendation to dissolve the State Assembly. It was a dramatic development. The Assembly was due to meet on June 14. The Ruling Congress was prompting defections to dethrone the Akalis, and two members of the Ruling Congress High Command were on the spot directing the toppling operations.

Suddenly, 17 Akali members of the Assembly, including six Ministers, along with the Akali Parliamentary Board Chairman, Mr Gurnam Singh, quit the party and formed a parallel Akali Dal. Mr Gurnam Singh, a retired judge of the Punjab High Court, had been the Akali Chief Minister twice for a total length of 21 months. All appeared set for the formation of an alternative Government comprising the Ruling Congress and the rebel Akalis with Mr Gurnam Singh as Chief Minister. But Mr Badal completely outwitted his opponents. Before the news of revolt in the Akali party could reach the Governor, he got the Assembly dissolved on the plea that he wanted a fresh mandate from the people.

The present developments in Punjab have far-reaching political significance. The public image of Akalis is at its lowest. The non-Sikhs and non-Jat Sikhs are not prepared to touch them with a pair of tongs because of their acts of highhandedness. It was only on account of their alliance with the Jana Sangh that the Akalis had secured 43 seats in the 1969 mid-term elections. Only an Akali-Sangh alliance can offer stiff resistance to the Ruling Congress. Chances of these two coming together in the foreseeable future are ex-

tremely bleak. In view of this, not more than twenty-five Akalis are likely to be returned to the 104-member State Assembly in the next elections. Such a situation would force them to adopt extremist slogans and accuse the Centre of giving step-motherly treatment to Sikhs. This would lead to the revival of separatist

and communal activities in the State.

On account of the complex communal pattern, the Jana Sangh can never dream of bagging more than twelve seats. Its political future in the State is sealed. The Ruling Congress thus finds conditions favourable to stage a come-back in the State. □

POLITICS TODAY

Congress (O) providing an effective opposition to the Congress (R) would fast diminish.

It is in this context that the decision of the PSP and the SSP to merge is to be considered. There is a politically conscious section in the country which believes that the elements opposing the Congress (R) could be mobilised around a nucleus whose socialist credentials are better than those of the Congress (R). Whether the PSP-SSP merger could be such a centre is a matter of opinion. There are indications that another centre might also develop round Mr Kamaraj and Mr Sanjiva Reddy. It is suggested that in course of time these two centres might combine. Even if this happens the *bona fides* of the new party as a genuine instrument of ushering socialism in this country will have to be established through results and not through mere claims.

Apprehensions were entertained regarding the fate of the ruling fronts in Kerala, West Bengal and Bihar as a result of the PSP national executive's directive to its members to leave the united fronts to which they belong. Much depends upon how the clauses in the merger document are interpreted. In Kerala Assembly, out of a total of 133 members, the CPI-led front today commands 69 votes. If the 3 PSP MLAs were to resign, the front will lose its majority on paper. But it is conceivable that the new party might decide not to join hands with the Opposition in toppling the Government in Kerala and it is still doubtful whether the 3 PSP MLAs in Kerala would accept the national executive's directive to leave the ruling front. The same can be said about the ruling front in West Bengal. There are three PSP members in the 142-strong ruling united front in the Assembly having a total strength of 280. So here again the ruling front would be reduced to minority if these 3 PSP members resign from the front. But as in Kerala they might decide not to be a party to oust the Ajoy Mukherjee Government and perhaps the 3 members will not even accept the directive of the national executive. In Bihar the exit of the 12 PSP members would not immediately affect the strength of the ruling PVD (Progressive Vidayak Dal) and the prospects are that the majority of the 12 PSP members might not accept the national executive directive. We are thus, at the moment, facing a very fluid situation in a number of States.

--Rohit Dave

THE political situation in a number of States has again become fluid and charges are being levelled against the Congress (R) that it is mainly responsible for the unstable situation. The accusation is that the Congress (R) is using its resources in order to encourage defections from other parties and that this is the main reason why the Governments in these States have become unstable. There could be some justification in this accusation. Today all the political parties are trying to muster maximum strength under their banner and the Congress (R) is not an exception. The other parties are more vulnerable than the Congress (R) because of the massive support the Congress (R) had received in the mid-term Lok Sabha elections. This has created a situation in which aspirants to political power are rethinking on their political allegiance and they seem to be weighing whether it is not in their personal interest to flock around the Congress (R) flag.

The main sufferer is the Congress (O) in Gujarat. The tempo of walk-outs from the Congress (O) has picked up. It is doubtful whether one could solely blame the Congress (R) for this phenomenon. The Bombay session of the AICC (O) gave the impression that the leaders of that party were not united and that there was hardly anything like the High Command of the Congress (O). The younger members of this party should be excused under the circumstances if they try to re-assess the situation and to determine where their political interest lay. In fact, there are indications that the Congress (R) is embarrassed at the sudden rise in the number of aspirants wishing to join that party. This has divided the Congress (R) leadership too. There is a section which wants to welcome those who want to join the party whereas the other section is opposed to it. While the debate is going on ideological lines the real conflict is among the leaders at the State level for gaining power.

An interesting development in this controversy is that the Congress (O) chief in Gujarat, Mr Vajubhai Shah, is reported to have told newsmen in Ahmedabad that the members of the Congress (O) were justified in transferring their loyalty to the Congress (R) because the two parties subscribed to the same ideology and programme. It is difficult to accept that this was all along the view of the GPCC (O) or its chief. Mr Vajubhai Shah's statement seems to support the view that the Congress (O) leaders and workers are developing cold feet in the States where elections are imminent. Unless this defeatist mentality is radically changed, the credibility of the

REPORT

THE WORLD

From Our Own Correspondents

CEYLON

Insurrection hits exports

COLOMBO.

CEYLON'S economy, mainly based on three primary export products—tea, rubber and coconut—is too frail to withstand the burden of her social welfare measures, unknown in any other developing country. The heavily subsidised rice ration, free health service and free education up to the university stage are, by themselves, far too heavy social obligations for her to undertake in her parlous financial position. And the recent armed insurrection, now brought under control, has made the position still worse. Dr N. M. Perera, the Trotskyite Minister of Finance, has remarked that the rebellion has put Ceylon's economic clock back by a decade. The genesis of the revolt being, at least partly, poverty and unemployment, the socio-economic tensions are bound to steeply increase in the near future, with unforeseeable consequences. The left United Front of Mrs Sirimavo Bandaranaike, which has yet to fulfil most of its election pledges to give a fair and square deal to the poor, is thus facing its biggest challenge ever.

The Government is now busy assessing the damage wrought to public property by the insurrection. Damage to telecommunication equipment, the special target of rebel attacks, runs to nearly Rs 7 million, excluding loss of revenue due to disruption of postal and telegraph services. The transport services, which were the next worst hit, have suffered a loss of another Rs 5 million. The serious damage to power equipment, government buildings, bridges, culverts and roads will run into several millions. As Mrs Bandaranaike has pointed out, these would mean the diversion of millions of rupees from development to merely restoring what has been wantonly damaged.

Fortunately, the super-grade teas, grown in the central high hills by the plantation labour of Indian origin which was not involved in the armed uprising, had not been much affected. The loss has been mainly due to the shortfall in production following curfew restrictions and not because of disruption of work or damage to bushes by insurgent activity. Efforts are now being made to make good the loss. But the mid and low grown teas and rubber production have suffered heavily. According to Government estimates, production of 60 million pounds of low and medium teas and 40 million pounds of rubber had been affected, involving a foreign exchange loss of about Rs 200 million. The tourist trade has also suffered a severe setback. Cancellation of off-season booking for the April-October period, because of unsettled conditions in the island, has cost the Government nearly Rs 10 million in foreign exchange.

The ILO employment mission, which left the island towards the end of the last

month after a six-week preliminary field-work, has presented an ominous picture of the situation. Its leader, Professor Dudley Seers, of Britain, has warned that public and private spending should be channelised into productive investments by cutting down luxuries. In his view, Ceylon's balance of payments crisis is the worst ever and the present acute phase is merely the culmination of a chronic disease.

The left-of-centre posture of Mrs Bandaranaike, both in the international sphere and on the domestic front alienated, to a certain extent, the sympathies of the West. The granting of full diplomatic recognition to North Korea, North Vietnam and East Germany, the closure of the Israeli legation, expulsion of the US Peace Corps and the Asia Foundation, and nationalisation of the bunkering trade (the "last foothold" of the Western oil interests), were some of the measures that had irked the US, the UK and West Germany. But in the hour of crisis, Britain and the United States, along with Russia, India, the UAR and Yugoslavia, rushed in aid to quell the rebellion.

The operations against the insurgents alone cost the Government, on a conservative estimate, nearly half a million rupees a day. In spite of help from friendly countries, in the long run the island has to be self-reliant in equipping its armed forces with modern weapons to meet any further threats to its security. But this might mean the diversion of nearly one-third of Ceylon's revenue, which will sharpen the recurring foreign exchange crisis and further debilitate her economy. The imperative need is for the Government to bring in a new sense of urgency in dealing with the formidable socio-economic problems which should rekindle the younger generation's faith in the democratic system before it is shaken beyond repair. □

BURMA

Faith in farmers' co-operatives

RANGOON.

BURMA'S first four-year agricultural plan, covering 1971-72 to 1974-75, is a good example of an exercise in hope. It envisages a 16 per cent increase (by value) in agricultural output over that of the current year 1970-71, or an average annual increase of 4 per cent. But considering that agricultural output, calculated at 1964-65 prices, increased by only 25 per cent during the 8 years 1961-62 to 1969-70, or only by 3.1 per cent annually on the average, despite massive investments in agriculture by the Government through these years, the tar-

geted 4 per cent increase seems a bit on the high side.

But the Government hopes to achieve this target through well-defined means—extension of the cultivated area, crop diversification, multiple cropping, modern techniques, and agricultural co-operation. Of these, the greatest emphasis is placed on the last. The plan provides for expansion of the cultivated acreage by clearing 33,000 acres of virgin land, reclaiming 671,000 acres of fallow land, and irrigating 194,000 more acres of already cultivated land. All these tasks will be undertaken, not by individual farmers or the Government, but by farmers' co-operatives formed in the countryside. The Government will help the co-operatives with loans and with the supply of needed equipment such as tractors, motor trucks and water pumps.

As there is little prospect of Burma's rice exports increasing in the immediate future, the plan keeps the area under rice unchanged at the existing level of 12.4 million acres. But the acreages under eight chosen crops, namely, wheat, maize, groundnut, cotton, jute and three varieties of pulses and beans, will be increased. The aim is to secure crop diversification and thereby lessen the reliance on rice for export earnings, and also achieve self-sufficiency in industrial raw materials needed by indigenous industries. The planned acreage increases for each of these crops are as follows:

	1971-72	1974-75
Wheat	200,000	280,000
Maize	450,000	550,000
Groundnut	1,750,000	1,900,000
Cotton	550,000	650,000
Jute	210,000	510,000
Pulses and beans	430,000	495,000

Specific regions are prescribed for compulsory cultivation of each of these crops, for instance, the Irrawaddy Delta for jute (or rice) and Central Burma for cotton (or groundnut). Farmers are urged to stick to the crop or crops stipulated for their respective regions, in order that different crops are produced in the proportions planned. As an incentive, the official purchase prices of 12 different crops, including cotton, pulses and beans, have recently been raised. The revised prices are designed to ensure a close parity of income between farmers growing different crops.

The plan also calls for improving the per-acre yields of 20 selected crops through application of modern farming techniques and use of improved seeds and fertilisers. Double or multiple cropping is to be practised wherever possible. The Government will hire tractors to farmers so that ploughing of fields can be speeded up for timely cultivation of crops one after the other.

The success of the plan will therefore depend largely on the performance of these co-operatives. If (it is a big if) they are honest, competent and vigorous enough to inspire farmers to greater efforts than hitherto, the Government's hope of a 16 per cent rise in agricultural output can be realised. □

Sheaf of Gold

When the land yields richly, the Tamil farmer calls it 'Land that grows gold'. That is how they talk of fertile land on the banks of the Cauvery. In recent years, the soubriquet has extended to many areas; even districts known in Gazetteers as 'famine areas' have produced more cobs to the sheaf each a sheaf of gold. Whether it is due to better seeds or more fertilisers, whether it is the result of more pumps or improved

methods, the fact is that we have pulled through two drought years to produce record yield of food-grains.

Call it the green revolution or not . . . the grain harvested last year adds up to over 100 million tonnes — double of what we produced in 1950.

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IT IS A BETTER TODAY
WHICH WILL LEAD TO
A STILL BETTER TOMORROW



BUSINESS REPORT

From Our Own Correspondents

COTTON TEXTILES

Meeting international competition

BOMBAY

THE outgoing chairman of the Indian Cotton Mills Federation, Mr Radhakrishna R. Ruia, did not turn emotional at last week's meeting of the federation, on the issue of the British levy of 15 per cent on imports of Indian cotton textiles from next year. At the meeting he expressed his full support to the efforts of the Government of India to settle this question. But even when expressing regret over the proposed action of the British Government which would cause great damage to our textile exports and to the economy of those mills which are specially equipped to cater to the UK market, Mr Ruia preferred to discuss exports to the UK in the broader context of the rising costs of production which are making it more and more difficult for the industry to meet the international competition both in regard to price and quality. In other words, he chose to go with the Foreign Trade Minister, Mr I. N. Mishra's contention that what the UK textile levy called for was remedial measures rather than retaliatory action.

As both Mr Mishra and Mr Ruia have emphasised, the basic issue is that the Indian textile industry should be able to maintain its exports, if not increase them, without props like special preference or quota arrangements. Its competitiveness has to be improved. This calls for modernisation of the industry and, more important, measures for increasing cotton production within the country. Mr Ruia expressed his dismay that in both these directions we have made very little progress. The industry should, therefore, draw some comforts from the recent announcements by Mr Mishra in Parliament that the scheme for the import of machinery for modernisation of textile mills had been cleared by the Government and that it has accepted in principle the co-ordinated Rs 21-crore crash programme for raising the per acre yield of cotton. But as Mr Ruia has said, it is important that the cotton development scheme is launched from the next season itself and that efforts are not wholly concentrated on long-staple varieties to the exclusion of medium- and short-staple varieties. Our exports of cotton textiles are mainly of goods produced from medium- and short-staple cottons and this is why considerable encouragement will have to be given for research that helps improve the productivity and quality of these varieties.

Apart from the problem of modernisation and cotton production, it was natural for Mr Ruia to discuss the problems of the industry relating to controlled cloth, production of man-made fibres and credit squeeze. He reiterated the plea of the industry that the prices of controlled cloth should be increased and cited in support the report of the Ramachandran Committee which had said that the price of

controlled cloth does not even cover the cost of cotton consumed in its production. This, in a way, has been recognised by the Government itself since controlled cloth is subsidised though the funds for it might be coming from the industry itself. Mr Ruia's contention is that the industry could well crumble under the weight of the subsidy it has to meet. It is unlikely, however, that the Government will change its attitude until it has had the report of the Bureau of Industrial Costs and Prices on production cost in the industry.

As regards man-made fibres, it was pointed out that the demand for them is on the increase and that there is immense scope for exporting mixed and blended fabrics to Asian and African markets. Obviously, Mr Ruia was not satisfied with the pace of development of the man-made fibres industry and suggested that an evaluation be made of the progress made so far by various projects sanctioned for this purpose, including those for the manufacture of basic raw materials. Such an assessment, in his opinion, would pinpoint the measures to be taken for quickening their growth.

It is Mr Ruia's contention that the credit squeeze has led to a fall in production of both yarn and cloth. In the first four months of this year the drop was of 11.3 per cent and 6.6 per cent respectively as compared with the corresponding period of 1970. While agreeing that the shortage and the consequent prohibitively high costs of cotton, was one of the factors leading to this decline, Mr Ruia asserted that the other major factor was the lack of finance. If this be true, the monetary authorities certainly need to look into the credit needs of the industry and cotton trade (See also *Export Angle*). □

POWER

Load shedding hits industries

CALCUTTA.

RIGHT now West Bengal is passing through a serious power crisis. The industrial region of Calcutta and its neighbourhood has been the worst hit. Load shedding at the power houses takes place almost every day with the result that both domestic and industrial consumers have to put up with frequent failures of electricity. Needless to say that industrial production in the State is being very badly affected.

The jute industry, in particular, is getting worried that not only is it not able to maintain production on account of the power shortage, but regular lay-offs of workers during power-shedding periods are leading to needless labour-management

tensions. The industry has urged the convening of a high-powered meeting of the representatives of the Central and State Governments, those of the power generation and distribution agencies and of the industry to find a way out of the crisis. So far no such meeting has been convened, but the generating agencies explain that most of the trouble is due to the attitude of a section of their employees which has hindered generation and distribution work. Sudden power failures lend credence to this view, but this cannot be the only cause.

There are at least three other reasons for the current power crisis in the State. First, the power station run by the Durgapur Project Ltd has been working much below its rated capacity for the past two years owing to trouble in the pulveriser mills and the ashing system of the boiler unit. This, a large thermal power station, is designed to supply an appreciable part of West Bengal's power needs. Second, there has been a sudden breakdown of another unit of the State Electricity Board's Bandel power station; in other words, this power station has only two of the four units working, and any material improvement in West Bengal's power supply position will come only when at least one of the Bandel units is recommissioned. Third, the construction schedule of the Santaldih power station designed to be the largest single power unit in the State, has been badly delayed, and there is no prospect of any electricity from this source during the Fourth Plan period.

These three factors suggest that power shortage in the State will not be temporary, but may actually worsen if the units concerned do not work to full capacity, and the act of sabotaging power transmission lines continue unchecked. Perhaps because of the overpowering evacuee problem and internal tensions within the Ministry, the Government of West Bengal has not yet realised the gravity of the crisis that has come.

While the infrastructure has thus weakened, the State Ministry has been pressing the Central Government to treat West Bengal as a special case for the purpose of grants-in-aid, and at the same time, initiate the process of another massive dose of investment in a new refinery, in a shipyard and if possible through expansion of Durgapur steel plant, so that investor confidence as a whole could quickly revive. Indications are that New Delhi is not unresponsive, although circumstances like the Bangla Desh affair are making things difficult. □

IMPORT COSTS

Tears shed over Indian onions

COLOMBO.

CEYLON has run into an acute shortage of onions, an ingredient of the daily diet of the Ceylonese, and if the Ministry of Internal and Foreign Trade is to be believed, it is all the fault of India. A re-

cent communique of the Ministry has alleged that India is attempting to do arm-twisting by jacking up prices of Bombay (big) and red (small) onions. The long communique announced a ban on import of Bombay (big) onions with immediate effect and also the Government's decision not to import red onions if they are not available at (Indian) Rs 350 per ton or lower. Discreetly burying the fact that the decision had been taken in view of the acute foreign exchange difficulty, the communique accused the National Agricultural Co-operative Marketing Federation of India (Nafed), which has been given since March last the monopoly of onion exports to Ceylon, of deliberately jacking up the export prices to more than the double quoted by the Indian private trade.

Ceylon used to import annually from India about 70,000 tons of Bombay onions and 12,000 tons of red onions at a cost of Rs 35 million. The prices used to fluctuate widely as is normally the case with all seasonal products. India was holding monopoly of export of onions to Ceylon in view of proximity and low price level. The Ministry of Foreign Trade has alleged that on taking over onion exports to Ceylon, Nafed has quoted Rs 420 per ton for Bombay onions against private trade's offer of about Rs 330, and Rs 470 for red onions which is more than double the price quoted by the private trade. The Ceylon Government has also protested to India against the canalisation of the export of onions through Nafed. The Ceylon Government feels that the move is discriminatory as Nafed handles onion trade with Ceylon only.

The Ceylonese press and radio gave wide publicity to the communique and some of the newspapers even ran editorials accusing India of arm-twisting. In a press interview, Mr T B Ilangaratne, Minister of Internal and Foreign Trade, did not mince words and accused India of following a "discriminatory policy" towards Ceylon. "It appears Indians are ganging up against us. What is most intriguing is the fact that the increased prices applied only to Ceylon. I cannot understand this. Why discriminate against us?" he is reported to have told an evening daily in an "angry" mood.

But inquiries made with the Indian High Commission give a different picture of the whole story. It appears that the Ceylon Government had taken a decision early this year not to import any Bombay onions from India in view of the foreign exchange crisis and that the price factor has nothing to do with the decision to ban onion imports. When a representative of Nafed was here in April to negotiate the price, the Ceylon Government did not show any inclination to discuss the issue in view of the earlier Cabinet decision not to import onions. It is also gathered that higher prices quoted by Nafed were because of the fact that it is a lean season now in India for onion production. It has not been unusual in the past for Ceylon to purchase Indian onions at prices quoted by Nafed or even more during the lean period. It appears that Singapore and Malaysia who also import onions from India, though not in such large quantities like Ceylon, are paying higher prices than

Credit policy and textile mills

MR Radhakrishna R Ruia, outgoing Chairman of the Indian Cotton Mills' Federation, says that the acute scarcity of bank credit and high interest rates and the non-availability of credit either from banks or from traditional trade sources has forced many mills to sell away their production at throw-away prices. The policy of dear money and scarcer credit, according to Mr Ruia, is being overdone. It is hurting production and adding to the cost. The production of both yarn and cloth in the first four months of this year has fallen by 11.3 per cent and 6.6 per cent respectively compared with the corresponding period of 1970 mainly due to paucity of finance and shortage of cotton. Monetary authorities in the country should, therefore, modify the credit control so that production and employment are not affected adversely. (See also Business Report)

West Bengal's problems

MR P Goenka, President, Indian Chamber of Commerce, Calcutta, says that the continuous weakening of West Bengal's economy poses a grave threat to the development of the entire eastern region. As a first step to revive the economy of the region, the law and order problem in West Bengal has to be tackled. It is not possible to run industries in West Bengal in a climate of fear and insecurity. Coupled with this is the gigantic problem of refugees the State is facing at present. If the refugee problem is not tackled immediately it will directly encourage the anti-social elements to take advantage of the situation. Mr Goenka feels it is also necessary to set up a petrochemical complex, a ship-building yard and a free trade zone at Haldia. In order to revive confidence, the public sector should take a lead with large-scale investments in the State. Both the reluctance of the financial institutions to invest funds in the State and the licensing restrictions of the Centre are discouraging investors from setting up industries in the State.

Financing tea industry

Mr Bhagwandas Daga, Chairman, Indian Tea Planters' Association, says that the tea industry is concerned over the fact that the Government is not inclined to accept the recommendation of the Borooah Committee for setting up a Tea Board Guarantee Fund and provide depreciation allowance for the industry. The steady erosion of the profitability of the industry with a concomitant upward rise in the expenditure on various development schemes has resulted in an unprecedented inadequacy of finance. Hence, the industry needs both long-term and short-term loans from commercial banks for the operation of its development schemes. As banks are not will-

BUSINESS OPINION

ing to accommodate such finance without any tangible and safe guarantee, the Tea Board should provide the necessary guarantee for loans.

Freight on ores

The Federation of Indian Mineral Industries New Delhi, says that the proposed increase in railway freight rates on minerals is bound to push up the f.o.b. cost and affect the export of minerals considerably. The Railway budget has only exempted iron ore mined at Bailadilla and Kiriburu areas for export from the proposed increase in freight. But besides Bailadilla and Kiriburu, iron ore is also mined in the Bihar-Orissa and Bellary-Hospet regions by private miners for export through the MMTC. No exemption has been granted to this ore in the proposed increase in railway freights. The manganese ore whose international market is precarious has also not been given any exemption despite a forceful plea for a reduction in freight rates by the working group set up by the Government of India.

Export duty on iron ores

The Goa Mineral Ore Exporters' Association, says that the Finance Ministry should consider the Association's suggestion for a complete abolition of export duties on iron ore. Export duties in the face of rising cost of production and sagging world prices act as a disincentive in expanding production and exports.

Power tariff

The Andhra Chamber of Commerce, Madras, says that the proposed 15 per cent increase in power tariff would nullify all efforts at growth by industry and trade. The higher tariff would affect considerably the cement, sugar, cotton and jute textiles industries and roller flour mills. The power rate hike would not only make inroads into the profits but also drive marginal units into heavy losses in view of the fact that the prices of some of end-products are fixed by the Government.

Clearing agents' rates

Mr Arvind N. Parikh, President, Bombay Custom House Clearing Agents' Association, says that the clearing and forwarding agents in Bombay would need a 60 per cent upward revision of service charges to cover their increased operational costs. This has been due to the introduction of the labour pool which has resulted in a doubling of wage bills. Besides, the transport costs have also gone up by about 30 per cent due to increased price of petrol.

the island. Even otherwise, onion prices in Ceylon are lower than in India.

It is strange that having stripped private traders (who incidentally were Indians) in the island of onion trade and entrusted it to a state trading body in last November, the Ceylon Government should resent the canalisation move by India. While it is understandable that the Government should find an excuse to tide over the public resentment over the acute onion shortage for nearly two months now, not many are happy with its efforts to make India a scapegoat. Even the timely military assistance India had offered Ceylon to combat the youth revolt at a cost of about Rs 50 million to the exchequer is being underrated by the anti-Indian lobby here as an inevitable course of action taken in India's own self-interest. □

BANKS

Deposits outpace credit

BOMBAY.

THE slack season in the second year of bank nationalisation presents a different picture from that of last year. Unlike last year deposit accretion has more than kept pace with credit expansion. During the period of one year ending June 4, while the credit expanded by Rs 532.69 crores, the deposit accretion has been almost twice as much at Rs 937 crores. During the corresponding period of 1969-70 it was the other way round with bank credit expanding by Rs 692 crores against a rise in deposits of only Rs 660 crores. This development is reflected in the credit-deposit ratio which at 77.23 per cent is much below the level of 80.79 per cent last year. In fact, the current level is even lower than that of 78.28 per cent two years ago when the ratio had started moving up with credit outpacing deposit accretion. The banks seem to be hopeful that they would be mobilising additional deposits of Rs 450 crores during the current slack season.

The credit expansion would have been even smaller but for the high food procurement. Advances on this account by the banks are estimated at about Rs 300 crores, which means an increase of Rs 100 crores over the earlier estimated requirement of Rs 200 crores. There has been a heavy unloading of foodgrains in Punjab. Early rains made the farmers nervous with the result that wheat which would have been normally lifted by private parties in the grain market has come to the official agencies. It is also stated that the procurement in UP, Gujarat and Rajasthan has been beyond expectations. All these purchases of wheat have come on top of a large rice procurement earlier.

Actually, according to banking sources, all the funds that are made available to various official agencies involved in food procurement do not get reflected in the data on bank credit. Besides the Food Corporation of India, the States utilise their own agencies for the purchase of foodgrains. Funds are made available to these agencies by the State Governments themselves which, in turn, may be depending on the Reserve Bank of India for the needed resources. Some informed

sources believe that a part of the rise in State overdrafts on the RBI may be traced to this factor.

Reportedly, the Reserve Bank and the Government have asked banks in the regions, where money has been pumped in for food procurement operations, to see that a sizable part of the disbursement made by the food procurement agencies comes back to the banking system. The Punjab farmer is said to be responding quite warmly to the proposal that he should deposit his surplus funds with the banks. This would be a healthy development if in the other parts of the country, too, the mobilisation of resources is on the same scale. That this is not so is apparent from the calculations that in the southern States deposit accretion is lagging behind credit expansion. There is a feeling among banking circles that the surplus funds with the agriculturists in these areas are finding an outlet elsewhere such as the purchase of gold and landed property or deposits with non-banking companies and firms. The latest trend is said to be for such surplus funds to be deposited with firms and not with non-banking companies.

This trend is not restricted to the southern States but is also noticeable in urban areas elsewhere in the country. What is of significance here is that in the case of the non-banking companies the Reserve Bank does exercise a control on the proportion of deposits to be accepted by them but there are no such regulations for firms. Data on such deposits are not available. Even in the case of non-banking companies the latest data published by the Reserve Bank relate to 1968 when deposits with them totalled Rs 478 crores as against Rs 430 crores in the preceding year.

The new element of large advances for food procurement robs, in the eyes of some financial circles, the credit-deposit ratio of the importance it commanded in the past as a norm of assessing discipline in the banking operation. Even though such advances may be of the order of 5 or 6 per cent of the total, the fact that these are advances to the Government gives them a different character from that of those made to the private sector. There is also the element of the shiftable credit which is not slated to grow on account of the new bill market scheme. The re-discounting with the RBI so far under the scheme has been of the order of Rs 17 crores. But the banks could have more bills which are eligible for re-discounting with the RBI. They might have even re-discounted some bills outside the RBI. This would be to the liking of the RBI since it means the furtherance of its objective that all possible resources be tapped by the banks and the RBI be approached only as the lender of the last resort. Now that the bills will not be taken into account in calculating the net liquidity ratio, the lendings of the banks under the scheme are expected to receive a further impetus. The suggestion is, therefore, being canvassed that the banks can utilise the surplus funds for the promotion of the bill market scheme and need not be disturbed if the RBI has not come out with the credit policy for the slack season. □

FUJI BANK

Preparing for growing Indo-Japanese ties

NEW DELHI.

THE shifting of the India office of Fuji Bank, Japan's largest commercial bank, from Calcutta to New Delhi last week follows, according to the bank itself, recognition by Japanese commercial circles of the immense possibilities for increased economic co-operation with this country. In fact, the economic relations between India and Japan have just entered a new phase which should witness a significant increase in their trade through many joint ventures. The ground for this has already been prepared by the recent visit to this country of a high level delegation of Mitsubishi, Japan's foremost industrial giant. Some deals were put through by the delegation, which will be multiplied in future; other leading Japanese industrial combines are also likely to follow suit.

The Japanese are now willing to come in as minority partners in joint ventures and export, if necessary, 100 per cent of the products of Indian units in which they will be collaborating. These conform to the Government of India's policy in regard to foreign collaboration and should, therefore, facilitate the establishment of numerous India-Japan industrial ventures.

This apart, a variety of developments both in this country and Japan during the past few years have contrived to make increased collaboration between them a necessity. It is acknowledged that among the developing countries India has laid the soundest industrial base and diversified her production to a much greater degree than the others as is evident from the wide range of industrial goods she is producing. Japan needs to import quite a number of these items for her own use as well as for supplying them to others as she herself, on account of labour shortage and rising wages, is giving up the manufacture of these. India is well-equipped to step into many of the areas of production that are being vacated by the Japanese. Thus imperceptibly a complementarity has developed between the economies of the two countries.

Foreseeing the ever-expanding volume of business that will take place between India and Japan, Fuji Bank has transferred its office to New Delhi from where it can function more effectively and cover the whole country more easily. Since the Japanese economy is largely dependent on foreign trade, foreign exchange transactions have all along been an important activity of Fuji Bank. Its New Delhi office will maintain liaison with Fuji's correspondent banks, advise local companies and Japanese firms operating in India and conduct research and analysis of economic and industrial developments and trends with a view to assisting its clients. It is a measure of the increasing importance that Fuji Bank attaches to India that its New Delhi office is one of its small number of eight overseas offices, the others being located at New York, Los Angeles, London, Dusseldorf, Hongkong, Seoul and Jakarta. □

Census 1971: State-wise data-3

Andhra Pradesh

By Commerce Research Bureau

ON April 1, 1971, Andhra Pradesh, with a population of 43.4 million, stood fifth among the 19 States of the Indian Union. In terms of geographical area also, Andhra Pradesh occupies the fifth place after Madhya Pradesh, Rajasthan, Maharashtra and Uttar Pradesh.

The density of population in the State, at 157 persons per sq km, continued to be lower than the average density of India (182 persons per sq km). As regards the growth rate of population, Andhra Pradesh is one of the exceptions to the general hypothesis that low-density areas have high growth rates and *vice versa*. Thus, Andhra Pradesh had a density of population below the country's average in 1961; yet the growth rate of its population (20.6 per cent) was also lower than the all-India average (24.6 per cent). In respect of literacy, though the State has improved its rate from 21.2 per cent in 1961 to 24.6 per cent in 1971, it lagged behind the country as a whole, whose rate has been placed at 29.4 per cent.

Among the 21 districts of the State, the East Godavari district in the fertile delta of the Godavari river along coastal Andhra, ranked first in population, while Adilabad in Telengana, with its sandy soils, stood last. The Guntur district, which occupied the first rank in 1961, stood second. This shift in the rank of Guntur was due to the fact that a part of this district was carved out recently to form the new district of Ongole. As for the density of population, all the districts situated in the fertile delta of coastal Andhra are more thickly populated than the State average.

Expectedly, Hyderabad is the most densely populated district of the State followed by West Godavari, Krishna, East Godavari and Srikakulam. Adilabad, at the other end, is the most thinly populated district. During 1961-71, on account of expanding industrial activities, Hyderabad district registered the highest increase in population (35.2 per cent). Other fast-growing districts are Khammam, Nizamabad, Adilabad and Kurnool. These had a low density as compared with the State average in 1961. Srikakulam recorded the lowest growth rate (13.7 per cent). In the State, only in Srikakulam females outnumbered males—1,024 females per 1,000 males. This is perhaps due to the considerable migration of male population in search of employment.

In the State, there are 13 cities with a population of more than one lakh. Together, these cities alone account for 9 per cent of the total population of the State. These cities are Hyderabad, Visakhapatnam, Vijayawada, Guntur, Warangal, Rajahmundry (West Godavari), Kakinada (East Godavari), Kurnool, Nellore, Eluru (West Godavari), Nizamabad, Machilipatnam (Krishna) and Tenali (Guntur). Of these Nizamabad and Tenali are the new entrants: they crossed the one-lakh-population mark in the 1971 census count. The Hyderabad urban agglomeration occupies the fifth place among the nine metropolitan cities of India. The fastest growing city in the State is Visakhapatnam.

(See summary tables on page 1166.)

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EXPORT ANGLE

By Stevedore

UK levy

THE British Government's decision to impose a 15 per cent duty on imports of cotton textiles from this country from January 1, 1972 has evoked strong protests from members of Parliament. This is natural, and both Government and industry have been pointing out for some time to the British Government that this decision will harm India. Mr I. N. Mishra, Minister of Foreign Trade, told Parliament recently that he had strongly impressed upon the British Government that its proposal was discriminatory, unequal and has been taken unilaterally and must be reversed. It would have an adverse impact on India's exports of cotton textiles to the UK without providing the expected protection to the British textile industry.

Broader issues apart, the fact remains that even during 1970 we suffered a set-back to exports of piecegoods to the UK even though total exports of mill-made cotton goods in 1970 reached a new record figure of \$148.83 million (Rs 111.62 crores). This exceeded the previous year's performance by \$8.54 million or 6 per cent. The pace of growth, however, was distinctly slower than in the previous year when it was 10.2 per cent. It was also below the Fourth Plan export target of an annual growth of 7 per cent.

A region-wise analysis of piecegoods exports shows that there was a big fall in the share of Europe, which came down to 37.1 per cent from 47.3 per cent in 1969. In terms of quantity, the figure dropped from 197.92 million square metres to 149.91 million square metres. This decline was mainly on account of the very poor offtake by the UK which absorbed only 58.58 million square metres against 113.12 million square metres in the preceding year. Normally, more than half of our piecegoods exports to Europe used to be accounted for by the UK. Even in 1969, which by no means was a good year, that market's share was 57.2 per cent, but in 1970 it dropped to as low as 37.1 per cent. It is against this background that the fears expressed about the likely adverse impact of the 15 per cent import duty have to be appreciated.

Even otherwise, in terms of quantity, exports of both mill-made cloth and yarn were lower in 1970 than in 1969. Cloth shipments are placed at 403.16 million metres against 418.50 million metres in 1969 and of yarn at 30.41 million kg against 33.07 million kg in 1969. The unit values realised were, however, higher. And consequently foreign exchange earnings of mill-made cloth totalled \$84.78 million in 1970 compared to \$84.04 million in 1969; similarly in the case of yarn we earned \$35.64 million in 1970 and only \$31.66 million in 1969. Apparels and hosiery brought in \$8.67 million (\$6.16 million) and other cotton goods \$19.74 million (\$18.33 million). If exports of handloom manufactures are also taken into account, our foreign exchange earnings from all items totalled

\$164.65 million (Rs 123.5 crores) against \$155.34 million (Rs 116.5 crores) in 1969. □

Set-back for tea

IT is not only in the case of cloth that the share of the UK is going down. The same is the case with tea also which has shown a drop of 16 per cent over the last few years. Official sources have listed a number of causes leading to this decline. First, Ceylon and Africa have made inroads into the UK market at our cost, and the share of African tea in the British market has moved up from 4.6 per cent in 1940 to 21.3 per cent in 1970. African tea is cheaper than our tea. Internal consumption of this commodity in East African countries is low and it is suggested that these countries do not mind exporting even at a lower price. Further, the production of tea in East Africa is year round, unlike seasonal in our country, and this gives a certain advantage to the East African countries. Obviously, the greatest advantage the African countries enjoy is the lower cost of production compared to that in our country and unless the Gov-

ernment and industry tackle this vital issue it is unlikely that we can reverse the trend that has set in. □

A good start

ENGINEERING goods are off to a good start. In April, the first month of the current financial year, exports totalled Rs 12.25 crores against Rs 8.6 crores during the corresponding month of 1970. If this pace is kept up during the subsequent months it should not be difficult to reach the goal of Rs 165 crores fixed for 1971-72. In 1970-71 our total exports of engineering goods were of the order of Rs 115.20 crores. The Chairman of the Engineering Export Promotion Council, Mr Raunaq Singh, has, however, drawn attention to a number of problems currently being faced by the industry. These relate to shortage of steel, shipping space, freight, delay in fixation of drawback rates, settlement of drawback claims and delay in the sanction of application for expansion and diversification of production. He has expressed the hope that these problems would be resolved by the Government. □

What India can sell

THE Directorate of Commercial Publicity in the Ministry of Foreign Trade has issued a further list of global tenders. The Purchasing authorities, the items required and the closing dates of these tenders are as follows:

Burma

The Director, Myanma Bawdwin Corporation, 104 Strand Road, Rangoon, Carbid lamps; tyre wheels; June 30, 1971; utility air hoist, air compressor and rod mill and accessories, June 25, 1971.

The Ceramic Industry Management Committee, Strand Road, Rangoon; V belts; June 30, 1971.

The Myanma Oil Corporation, Rangoon; Lubricating oils and greases; marine fuel oil; June 30, 1971; crude oil changing pump; July 31, 1971.

The Chief Engineering, Irrigation Department, 9/21 Strand Road, Rangoon; Dump buckets, tilting carts, trailing low loader etc; July 15, 1971.

The People's Pearl and Fishery Board, Rangoon, Rubber hose, hose clips, steel bolts and nuts, water piping PVC, paint brushes, oil syringe pressure gauge etc; July 6, 1971.

The Director, Myanma Bawdwin Corporation, Rangoon; One complete unit of hydrocone crusher; June 25, 1971.

Asbestos Cement Sheet Plant Rangoon; MS. Angles, June 30, 1971.

Ceylon

Supplies Officer, Ceylon Steel Corporation, Colombo, Wire drawing machines; July 1, 1971.

Iran

Tehran Regional Electric Company, Tehran; 230 kv transmission system; No closing date mentioned.

National Iranian Steel Mill Company, Tehran; Carrier equipment and installation; July 28, 1971.

The Iran Tobacco Company, Tehran; Kraft paper and neo-kraft bobbin paper; August 3, 1971.

Iraq

Ministry of Oil and Mineral Oil Refineries Administration, Baghdad; Sulphur recovery plant; June 29, 1971.

Directorate of Contracts and Purchase, Ministry of Defence, Baghdad, Carpenter's tool kit, tool kit for electricians, tool kit for black smith; June 27, 1971; tool kit for shoe maker, tool kit for armament artificers instruments; 15,000 yards hemp mattress; steel helmets and blue flame kerosene heaters with extra wicks; June 30, 1971.

South Vietnam

Industrial Development Centre, 40-42 Nguyen Hue Blvd, Saigon, Fish netting machines; June 26, 1971.

Sudan

The Sudan Tea Co Ltd, P.O. Box 1219, Khartoum; Black tea, July 6, 1971.

UAR

Messrs Mitr Beida Dyers, Beida Work, Alexandria, Centre swinging hydroextractor machine; July 17, 1971.

Uruguay

The Uruguayan Electricity and Telephone Authority; Monophase transformers; July 9, 1971; monophase control meters; August 10, 1971; main telephone cable; July 21, 1971 and electricity meters; July 20, 1971.

Exporters may obtain the tender documents from the purchasing authorities of the respective countries. Further details about these overseas contracts can be had from the Indian Export Service Bulletin dated June 3, 1971, issued by the Directorate of Commercial Publicity in the Ministry of Foreign Trade, Udyog Bhavan, New Delhi.

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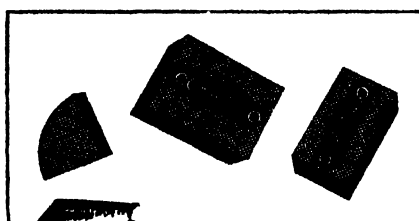
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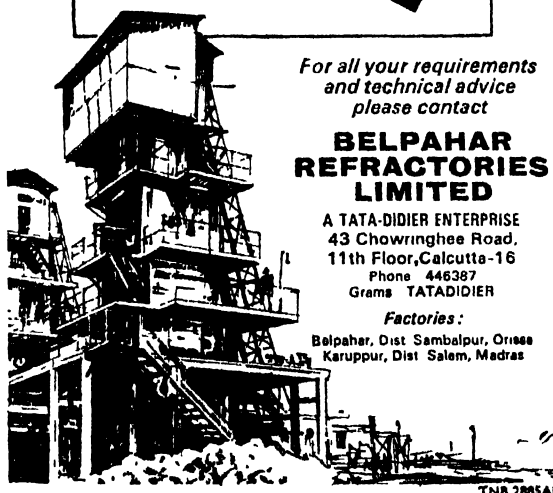
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Plastics in India's economy

—A SURVEY

The age of polymers

THE plastics industry saw its beginnings in countries with a fully developed chemical industry. In 1924, world production amounted to about 60,000 tonnes. In the thirties and forties, the three bulk materials namely, polyvinyl chloride (PVC), polystyrene and polyethylene, were developed to the stage of marketability, and after the Second War world production of plastics rose rapidly. It was barely 12 million tonnes in 1949 in 1970 the production amounted to 30 million tonnes. The phenomenal growth of plastics production and the anticipated increase in the world and in countries such as the US, Japan, the UK and West Europe are given in table 1.

Table 1: World production of plastics ('000 tons)

Year	World	Japan	USA	UK	Western Europe
1955	3,300	114	1,700	324	NA
1960	6,900	557	2,058	650	NA
1965	14,500	1,601	4,990	942	5,170
1970	30,000	4,195*	9,090	1,473	11,000
1975	53,500	NA	14,159	NA	NA
1980	92,000	NA	21,000	NA	33,000

* Actual production in 1969.

Even though India began evincing interest in plastics immediately following the Second War, it was only during the fifties that the Indian plastics industry got its start. As a matter of fact, the real shot in the arm to the industry was provided only a decade hence, when the two petrochemical complexes were built. Although the plastics industry has still some way to go before it can depend on petrochemicals for most of its base materials, the progress

made by the industry even with the restraint on raw material availability pinpoints its growth potential. Table 2 gives the figures of production and consumption during the period 1961 to 1969.

Table 2: Production and consumption of plastics in India

Year	Production (in tons)	Production index	Consumption (production and imports) in tons	Consumption index
1961	11,000	100	37,000	100
1962	21,500	154	41,000	111
1963	25,000	179	34,200	92
1964	28,400	203	41,700	121
1965	42,300	302	56,900	154
1966	39,000	270	50,800	137
1967	36,300	259	65,200	176
1968	62,700	448	108,500	280
1969 (Estimated)	98,500	704	115,000	311

The plastics panel of the Development Council for the Organic Chemical Industries has estimated the requirement of plastics at 224,000 tonnes by the end of the Fourth Plan and 455,000 tonnes by the end of the Fifth Plan. Table 3 gives the breakdown of the main plastics.

It is obvious that in order to be able to meet these requirements, we will need a doubling of the present capacity by 1973-74 and a further doubling of these increased capacities by the end of the Fourth Plan. Various views have been expressed in regard to the level of investment required to establish the new capacities. The Union Foreign Trade Minister, Mr L. N. Mishra,

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Statistics

Major manufacturers

for example, indicated recently a planned investment of Rs 350 crores by the end of the Fourth Five-Year Plan in plastics and its chemical feedstock. This presumably includes the investment on Gujarat Petrochemicals. Apart from the fact that the actual position of Gujarat Petrochemicals is still uncertain, it would not be appropriate to take full account of the investment on a petrochemicals plant in estimating the investment required for plastics. Thus viewed, the various estimates of investment in the plastics industry up to the end of the Fifth Plan range between Rs 300 crores and Rs 400 crores for both the raw materials and processing sectors. Official quarters seem to be very optimistic about the emergence of a situation of abundance of raw materials by the end of the Fourth Plan. But distinguished experts such as Dr C. J. Dadachanji of the National Organic Chemical Industries would insist that besides the Rs 400-crore investment, considerable capital would be required for the production of hydrocarbon base materials, any slackening in the tempo of which

Table 3: Requirements of plastics under Fourth and Fifth Plans

	1973-74 Estimated requirements (tonne per annum)	1978-79 Estimated requirements (tonne per annum)
Polystyrene	35,000	70,000
Low-Density polyethylene	72,000	150,000
High-Density polyethylene	30,000	45,000
Polyvinyl chloride	80,000	175,000
Polypropylene	7,000	15,000
Total	224,000	455,000

would plague the downstream or consumer plants including plastics manufacturers with severe shortages of base materials.

Nevertheless, there is no gainsaying that the conversion industry must receive concentrated attention. There has been a welcome growth in recent days in certain conversion units such as PVC footwear. There is need to accomplish similar growth in other sectors such as in plastic pipes, carboys and containers, as also in a variety of packaging requirements. In fact two of the biggest growth areas of the present times are construction and packaging. Progress in these fields pre-supposes the development of technological know-how and skills which, by the very nature of the industry, small-sector oriented as it is, means that the technical skills will have to percolate right up to the small-town labour force.

It is in this context that the Central Institute of Plastics Engineering and Tools, set up in the Guindy Industrial Estate in Madras with the assistance of the United Nations Development Programme assumes importance. At this institute, set up at a cost of Rs 125 crores, training is imparted to personnel sponsored by the industry, especially the small-scale ones, on cover mould making, mould design, mould polishing, machine setting, etc. This institute can take 80 students at a time, and a time will come soon when there will be need for more such institutes in various parts of the country. For, on the growth of the conversion industry will depend the magnitude of the role plastics can play in the economy of a country such as India

with its vast manpower resources. It is estimated that, while an investment of Rs 100 crores in plastic resins production can provide employment to some 500 to 600 persons, a similar investment in the conversion sector would generate employment for as many as 60,000 persons. Hence the Government's anxiety to encourage the development of plastics conversion units, and appropriately efforts are being made to set up 600 automatic injection moulding machines with capacities varying from 50 to 300 grammes, 900 extruders, 60 blow moulding machines, 5 calendars and 15 coating machines.

The potential of the plastics industry is obvious if we note that even by 1980, with the estimated investment taking place and coming to fruition, the per

capita annual consumption of plastics in India would be less than 1 kg against the current per capita consumption of 35 kg in the US and 30 kg in Japan. Besides, exports of plastics and plastic products rose from a mere Rs 1.05 crores worth in 1962-63 to an estimated Rs 8.73 crores in 1969-70 showing a compound annual rate of growth of 35.3 per cent as against the 10.2 per cent growth rate in India's total exports. There is vast scope still for further expansion of exports particularly of manufactured goods of the labour-intensive variety, which will obviously have a competitive advantage in the world markets because of the lower labour rates prevailing here. Indeed, larger exports are an imperative for the industry itself whose expansion calls for substantial foreign exchange resources.

PLASTICS IN INDIA

THE beginnings of the plastics industry in India date back to the post-second war period, when it emerged as a processing industry based on imported raw materials. From small injection mouldings for toys and housewares, the industry marched slowly towards polyethylene film blowing and PVC cable extrusion and spread coating, still based on imported polymers and compounds.

The first basic material, phenol-formaldehyde resin, was produced in India in 1946. As demand grew for polystyrene injection mouldings and polyethylene layflat film, investment in polymer manufacture became imperative, and the country's first polystyrene unit, with a capacity of 2,700 tonnes per annum using imported styrene monomer, was commissioned in 1957. Styrene monomer itself was made about three years later, using fermentation alcohol and coal-tar benzene as feedstock.

Two units for low-density polyethylene, with capacities of 3,600 and 2,250 tonnes, also based on ethylene obtained from alcohol, started production in 1958 and 1960 respectively.

Polyvinyl chloride (PVC) was made for the first time in 1961 with the commissioning of a 3,500-tonne capacity plant, employing carbide-based acetylene.

Since then all these plants have expanded their capacities, even as new units have been set up. The installed capacity for the main plastics at present are as follows:

Present installed capacity

Material	Capacity (tonnes per annum)	Number of plants
Polystyrene	17,500	2
High-density polyethylene	24,000	1
Low-density polyethylene	16,000	2
PVC	45,000	4
Total	102,000	9

The base material for most of the plants in the earlier stages were, and to some extent still are, ethylene derived from alcohol, acetylene made

from calcium carbide, and benzene as a by-product of the steel industry's coke ovens. But with the setting up in the mid-sixties of the two giant petrochemical complexes with a combined ethylene output of 80,000 tonnes per annum, the plastics industry is veering towards the use of petrochemical derived ethylene, benzene, naphtha and vinyl chloride.

An idea of the rapid growth of the industry can be had from a comparison of the index of production for plastics and resins with the indices for industry in general and for chemicals and chemical products:

Index of industrial production
(Base: 1960 = 100)

Year	General index	Chemicals and chemical products	Plastics and resins
1960	100.0	100.0	100.0
1961	109.1	115.9	139.2
1962	119.7	121.4	212.3
1963	129.0	135.7	246.8
1964	140.8	146.6	290.4
1965	153.6	159.8	417.7
1966	162.4	167.4	385.1
1967	151.4	172.2	358.4
1968	161.1	206.0	619.1
1969	172.5	217.5	972.7
Compound annual growth rate during 1960-69..	6.3 %	9.0 %	28.7 %

At the beginning of the Fourth Plan, the plastics industry provided gainful employment to about 100,000 people apart from a large number of self-employed persons in the trade. Of the total investment of about Rs 105 crores in the plastics industry, about Rs 80 crores has gone into the raw materials sector and Rs 25 crores into the processing sector. The raw materials sector is capital-intensive and provides only limited employment opportunities. The processing sector, on the other hand, is constituted mainly of small-scale units providing a very high employment potential per unit of investment. Of about 4,500 plastics processing units in the country today, more than 4,000 are in the small-scale sector.

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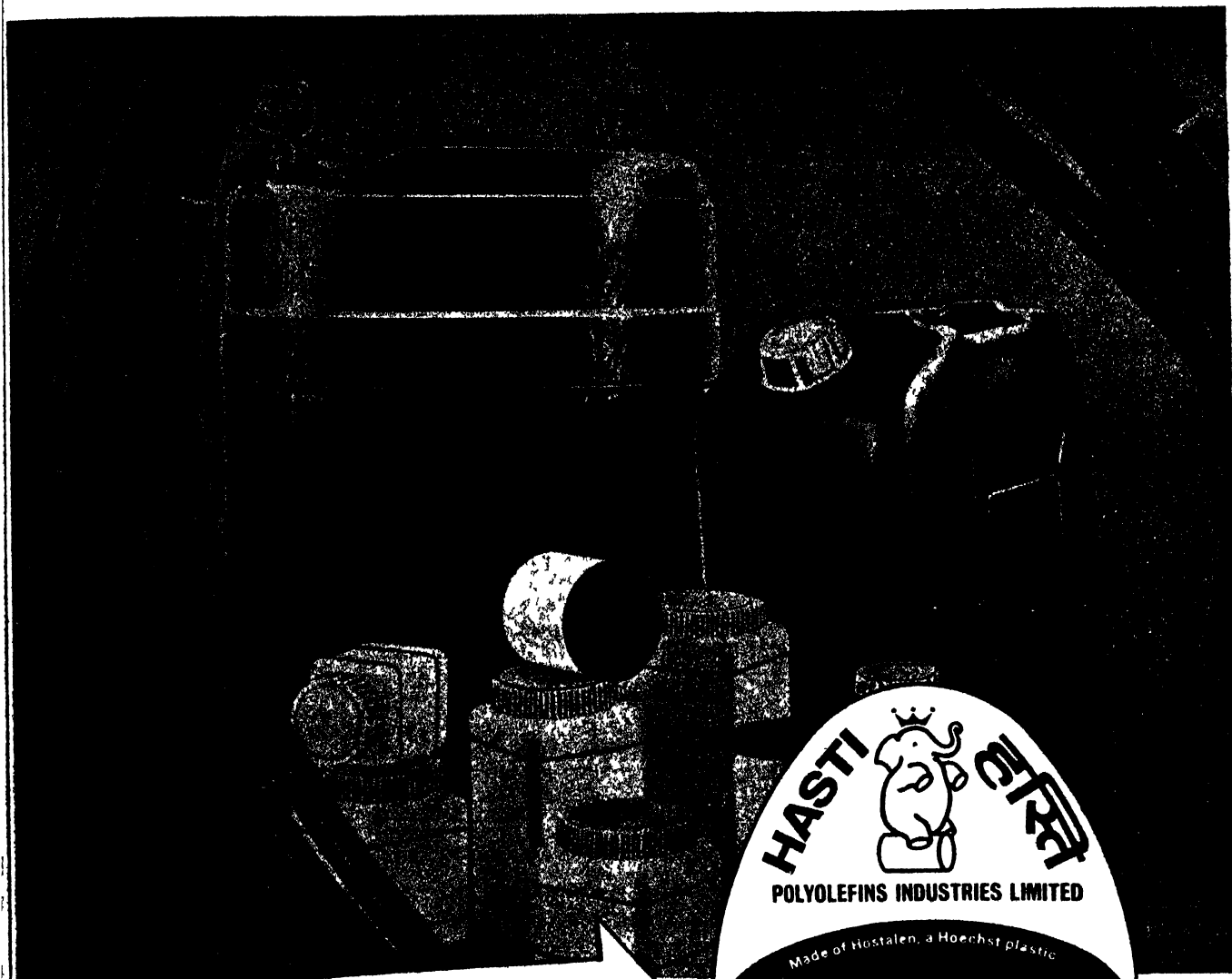
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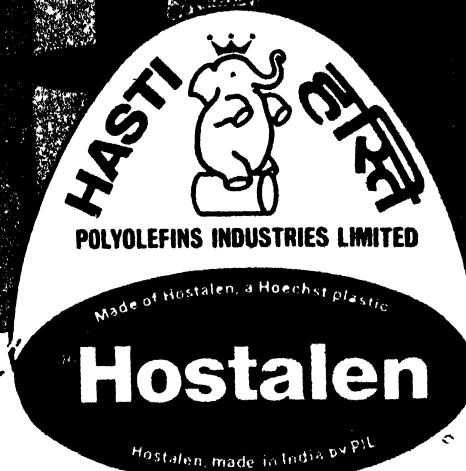
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Steady growth maintained

By A. H. Srikanta Aiyar

THE establishment of petrochemical complexes in the country has given a big filip to the development of the plastics industry. The production of plastics materials crossed the mark of one lakh tonnes during 1970. Even so, in comparison with the industrially advanced nations, such as the UK, the US, West Germany and Japan, the per capita consumption of plastics in India is the lowest, being less than 0.1 kg. The performance of the industry would have been better but for the fact that many sections of the industry periodically face shortages of basic chemicals and raw materials. As a result of representations, the Government has liberalised its policy in regard to import of these chemicals and it is hoped that during the current year production of various plastics raw materials will be higher than that of last year.

Plastics have today invaded all aspects of our daily life whether it be in the industrial or domestic sector. Considerable quantities of plastics are also being used in the agricultural and building trades. Plastics products have really helped in raising the living standard of the common man.

The Fourth Five-Year Plan envisages the production of 2,35,000 tonnes of plastics by 1973-74. This target is not difficult to achieve provided a congenial climate is established for the growth of various sections of the plastics industry.

Production of some of the important plastics raw materials during the last three years is shown below.

Production of raw materials
(In tonnes)

	1967	1968	1969
PF moulding powder	3,750	4,750	4,983
UF moulding powder	1,342	1,500	1,540
Polystyrene	5,591	6,500	9,380
LD polyethylene	9,751	17,000	19,556
HD polyethylene	-	8,358	17,605
PVC resin	13,611	14,000	34,380
Cellulose acetate	1,000	900	800

Most of the high tonnage plastics raw materials are produced in the country and hence their imports are greatly restricted. Imports of some important

raw materials not produced in the country so far are as under:

Imports of raw materials
(In tonnes)

Raw material	1967-68	1968-69	1969-70
QAB moulding powder	791	819	683
Nylon moulding powder	113	141	512
Polypropylene	1,425	1,068	903
CN sheets	527	608	482

Plasticisers required for compounding of PVC and cellulose acetate are also produced in the country. The requirement of plasticisers is expected to go up to about 30,000 tonnes by 1974 with the increase in production of PVC and cellulose acetate. Production of plasticisers was about 8,700 tonnes in 1969 as against 6,000 tonnes in 1968.

With the availability of basic chemicals from petrochemical sources, the prices of plastics raw materials are already showing a downward trend. Even so, the prices obtaining in India are on the very high side compared with international prices. This price increase is, to a large extent, due to the heavy incidence of excise duty on the full range of raw materials at the rate of 36 per cent *ad valorem*. In addition, some of the finished products like leather cloth, rigid plastic sheets, PVC flexible sheets and film and polyurethane foam products are again subject to excise

plastics industry in India will be slowed down and that it will not be able to catch up with the progress achieved abroad.

The last three to four years have witnessed rapid progress in the manufacture of processing machinery and equipment. Standard types of injection machines up to 48 ounce capacity are already produced in the country. Similarly, extruders up to 3½ inches capacity can be had from local sources. Standard type blow moulding machines are also produced indigenously. With the availability of HD polyethylene the demand for machines for production of HDPE woven sacks has increased considerably. Such machines are supplied by two companies in the country. Extruder equipment for the production of flexible as well as rigid PVC film are also produced in the country. But, on account of the excise levy on PVC film at the rate of 30 per cent *ad valorem*, this line of manufacture has not made any appreciable progress. Representation has already been made seeking withdrawal of this levy and it is hoped that the Government will respond favourably to the request of the industry.

Imports of the following plastics raw materials are canalised through the State Trading Corporation: (a) cellulose acetate flakes; (b) cellulose acetate sheets/films; (c) cellulose acetate butyrate and cellulose acetate propionate; (d) cellulose nitrate sheets and flakes; (e) polypropylene; and (f) nylon moulding powder.

The last three were included in the list of canalised items even during the last licensing period. Imports of stainless steel strips required for manufacture of fountain pen nibs are canalised through MMTC.

Release order holders are not quite satisfied with the working of the STC. There are complaints of inordinate delay and that the STC is not supplying the right grade and quality of the raw material required. It is hoped that before long the STC will streamline its working and be of real service to the industrial units.

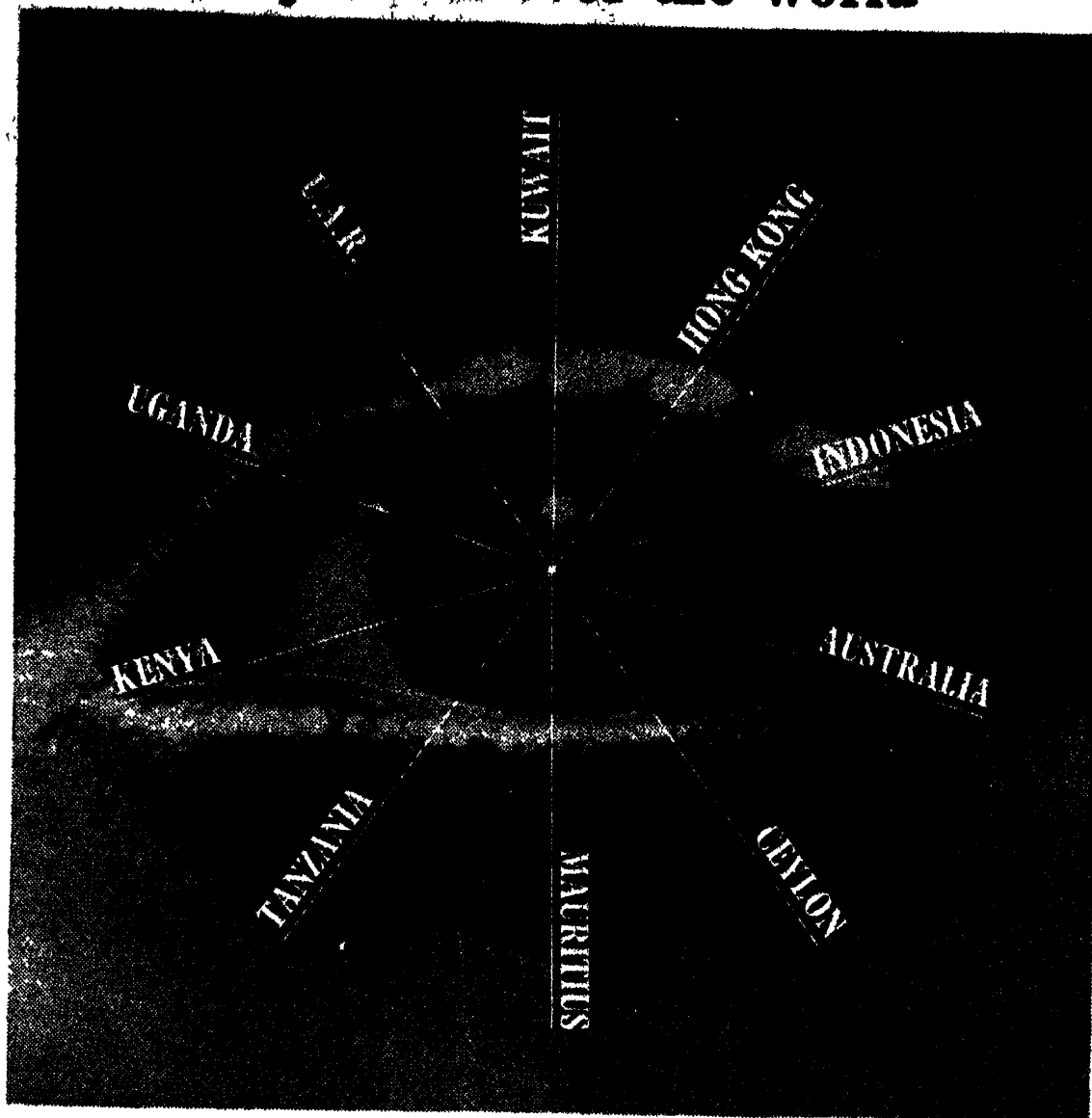
The performance of the plastics industry in the field of exports is indeed commendable. Exports of plastic goods and materials have shot up from Rs 264 lakhs in 1963-64 to Rs 873 lakhs in 1969-70. The local raw material manufacturers have helped in boosting exports by offering the raw materials at international prices. It is estimated that by 1974 exports may total about Rs 15 crores.

The plastics industry has so far primarily confined itself to catering to the needs of the urban population. No serious efforts seem to have been made to take plastics to the villages and thereby serve the agricultural sector. It need hardly be added that there is considerable scope for plastics to make deep inroads into our agricultural economy. In India, the majority of the population lives in villages, the country being predominantly agricultural. Thanks to good monsoons and the adoption of improved methods of agriculture, there has been a boost in agricultural production. As such, there has been a shift in income towards the rural population. The plastics industry can offer a large variety of its products to the rural population and thereby help improve their living conditions.

Mr Aiyar is Secretary of the All-India Plastics Manufacturers' Association.

duty ranging from 24 per cent to 48 per cent *ad valorem*. This is an instance of double taxation. The excise levy collected from the plastics industry which was only about Rs 157 lakhs in 1962-63 increased to nearly Rs 1,500 lakhs during 1969-70. As long as this high rate of duty continues, it is feared that the rate of growth of the

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A supplement to traditional materials

By N. Srinivasan

THE substitution of imports and promotion of exports is the main plank in the nation's growth policy. There is insufficient awareness of the increasingly effective role that plastics could play in this strategy of development. There is vast potential for exploiting plastics to complement our limited natural resources. Plastics also supplement traditional materials, and upgrade them in combination. The function is particularly important when traditional materials are in short supply and have to be imported. Again, when such traditional materials are export-oriented, plastics increase their availability for exports by providing alternatives for home consumption. Some of the common traditional materials that can be mentioned in this connection are wood, metal, glass, leather, rubber, paper, jute and cotton.

WOOD

Good timber is becoming scarce. The items which have been developed as alternatives to sawn timber for building, furniture and packaging industries are principally (1) particle board or reconstituted wood, (2) plywood or bonded wood; (3) particle board or plywood, surfaced with decorative laminate; (4) fibre board, also called hard board and insulation board.

These alternatives have helped to increase availability of timber for the building industry which has a place in the core of the national plan. But, for a major breakthrough in the future, the main problem would be the high price of resins consequent on high prices of the basic chemicals. The particle board industry is a classic instance of an industry which languished owing to the high cost of resin. Although 60 to 70 licences had been issued only eight units (working to less than 20 per cent capacity) have started production. Indigenous urea resin costs Rs 4,000 per tonne, free of excise duty, as against a price of Rs 1,500 in other countries. The excise duty on resin used in the manufacture of particle board was waived four months ago. The industry is showing signs of revival and growth. If resin was available to the industry at even Rs 2,000 per tonne, a target of 1,00,000 tonnes of particle board could easily be achieved, thus benefiting the consuming industries. The indigenous price of urea resin is solely determined by the price of formaldehyde, which in turn is linked to the price of indigenous methanol. The decorative laminate suffers from a similar handicap, which if removed, will enable it to make an impact on construction so as to utilise much larger quantities of inferior wood and save timber.

Mr Srinivasan is Chairman of the Plastics Institute (Indian Section)

A potential market for plastics in the fishing, and fish processing industry, would be plastics containers for collection and transport of fish. The Scandinavian fish industry employs structurally expanded high density polyethylene (HDPE) boxes for transporting fish even to distant markets. Expanded polystyrene is also in use where extra thermal insulation is required. Conventional wooden boxes serve the purpose in India. As compared to soft wood, HDPE fish boxes, are light in weight, easily cleaned and do not rot. From considerations of hygiene, plastics fish boxes are to be preferred, as pick up of bacteria by the fish and consequent loss of freshness of the fish are avoided. This is the prime consideration for the choice of the plastics container. The initial cost of the HDPE fish box is more than double that of soft wood, but durability of the plastics container is three-fold.

In developed countries, with wood supply shrinking and prices rising, furniture is exploding as a plastics market. A new technology has been developed for making furniture. Filled and reinforced polyesters are coming into use in decorative and structural replacement of wood. Polyethylene compounds and rigid urethane foam are eliminating wood in large-scale furniture manufacture. Ordinary chairs moulded of rigid urethane foam and upholstered with flexible urethane foam are made in 10 to 15 minutes. Table and cupboard drawers are injection moulded from high impact polystyrene in the US. GRP hulls are replacing wood, for small boats. These are some of the highlights of trends in wood substitution in advanced countries.

METAL

The future dynamics for plastics lies in metal substitution. In advanced countries, engineering plastics are fast replacing to advantage, metal components in appliances, machinery, equipment and automobiles. High density polyethylene has been adopted for fuel tanks. Development is fast taking place to make the all-plastics refrigerator. The all-plastics car is stated to be in the planning stage. Plastics is claiming a right to be specified for hardware, pipe and containers for storage, transport and consumer packing. The metal can is on the way out yielding place to structural packaging, based on the multi-ply composite film. Epoxy/polyester reinforced material is occupying a dominant position in engineering plastics along with polypropylene, nylon, polycarbonate, acetal, ABS and PTFE. Some of them are also glass reinforced. The use of RP material epoxy-graphite fibre, for jet engine parts is indicative of the near-realisation of the fanciful concept of the plastics metal.

Cast iron and galvanised iron, steel and steel alloys, tinplate and brass are conventional materials of construction in the pipe, container and hardware fields. Even their partial replacement by plastics would be of significance in the present economic situation. Illustrative of metal replacement already effected in the country by plastics would be: cast iron flushing cisterns, galvanised iron cold water storage tanks, steel drums and jerry cans, stainless steel vessels for the chemical industry and brass hardware, e.g., taps and window stays.

The current production of polyethylene pipe is only a few hundred tonnes and that

of rigid PVC around 1,000 tonnes. The reasons for this slow development are traditional resistance of users, absence of standards, non-availability of fittings, unfavourable prices and disapproval by the public health authorities. There has, therefore, been very restricted use of the pipes. These problems have now been overcome to a large extent. During the next few years, the educational and promotional efforts of private industry and governmental agencies should elevate plastics pipe to the position of an attractive alternative to metal pipe in the big market area of water supply and sanitation, both urban and rural. The requirements of pipes for water supply systems in buildings alone, is put at 60,000 tonnes in terms of plastics during the next five years.

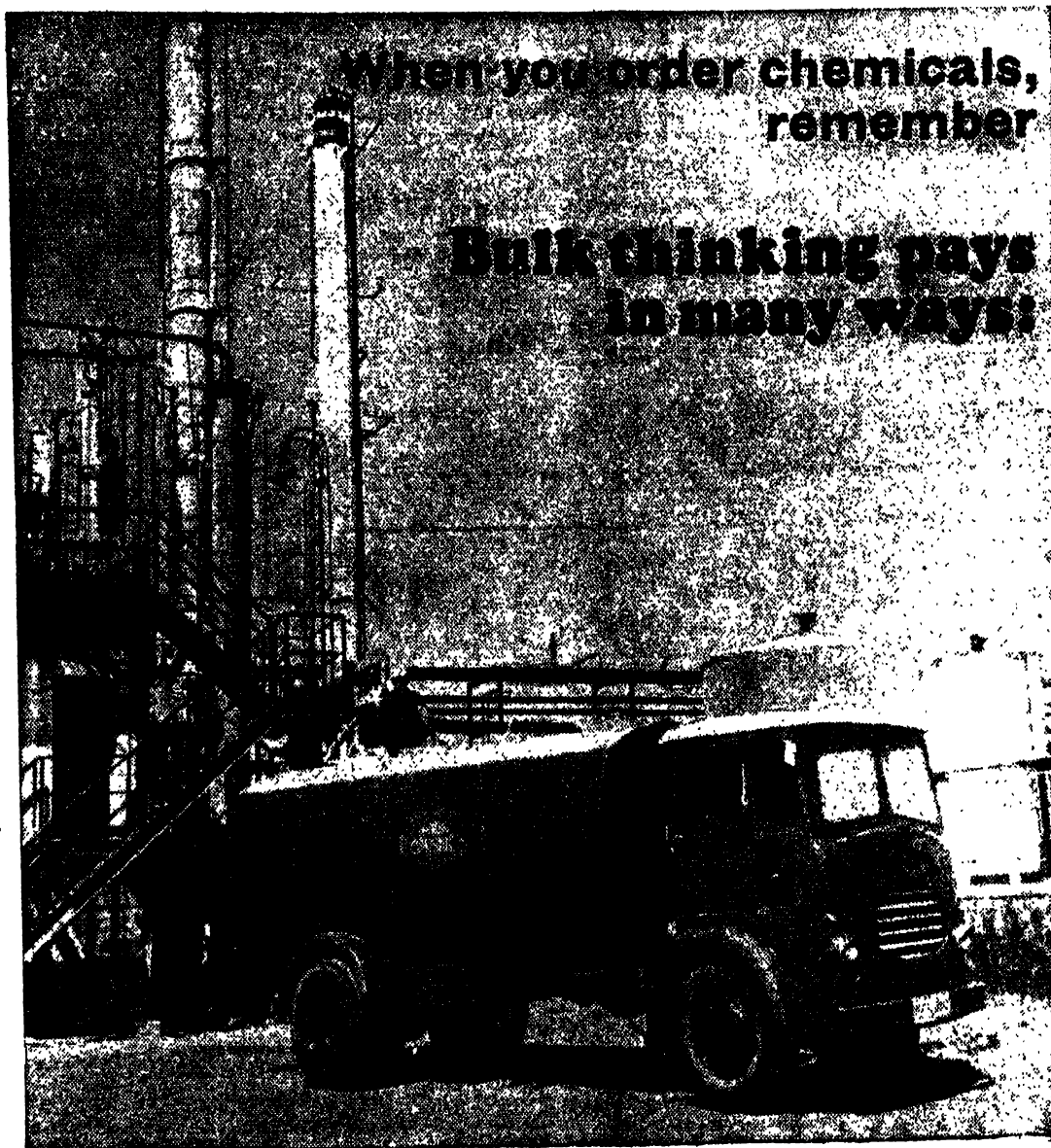
Nearly 1.5 lakh tonnes of tin plate are being consumed in the country for making containers. Tin is not indigenous. Plastics has played the role of an alternative to tin plate in the packaging of confectionery, auto-lubricants, coffee and toilet products. There is potential in the immediate future for plastics packaging of vanaspathi and edible oils which account for one-third of the country's consumption of tin plate as well as other food products, lubricants, greases, toilet products and pharmaceuticals.

GLASS

The major field in which plastics replace glass is packaging. The multi-ply composite film is the near approach to flexible glass. In rigid PVC bottles are gaining acceptance in France, the US, Germany and Japan. These bottles have glass clear transparency, high impact strength and drop resistance, handling safety and dimensional stability. A PVC bottle weighs one-tenth the weight of a glass bottle of equivalent volume and occupies on an average 30 per cent less volume—an obvious advantage to the retailer and the shopping consumer. In comparison to glass, the direct cost of the plastics container is high. But the advantages resulting from light weight and unbreakable property can still make it attractive for use.

There is at present a shortage in the country of glass bottles for automatic filling and prices have been hardening significantly. The existing capacity for glass bottles made in automatic plants is 1,53,000 tonnes and the additional capacity licensed, that may be established before the end of the Fourth Plan would be 1,47,000 tonnes. The shortage in glass bottles will continue till the required additional capacity becomes operative. The foreign exchange requirement for an automatic plant (capital goods) making 12,000 tonnes of glass bottles annually (40 bottles per minute—24 hour working—300 days) would be around Rs 50 lakhs. With a sophisticated PVC blow moulding unit, making 2,000 bottles per hour, the investment on plant need be only Rs 15 lakhs.

In India, suitable PVC compounds for bottles have recently been developed. Machine capacity for blow moulding is also being gradually established. Trials of PVC bottles by several end user industries have been successfully completed. The PVC bottle is therefore ready to enter the packaging market for foods and non-foods.



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It can relieve the present shortage of glass bottles for the user industries and establish itself as an attractive alternate to the conventional glass bottle.

HDPE containers have already replaced glass carboys for transporting corrosive liquid chemicals, e.g. acids, chlorine bleach, hydrogen peroxide, etc. In the small container field, food products, chemicals, medicines, cosmetics and household items packed in glass have yielded to plastics.

The LDPE milk bottle is in vogue in France, in place of the glass bottle. The sachet, a single service container for milk, in substitution for the glass bottle, is popular in Holland and Denmark. It is being tried in Pakistan. The economics of the plastics pouch *vis-a-vis* the glass bottle, under conditions in the country would be very unfavourable. A half litre glass bottle can circulate 70 times and costs only 50 paise. Even if to this bottle cost were added the expenditure on account of cap, bottle washing, etc., the container cost may not exceed one paise per trip. To

match this, the price of 400 gauge printed LDPE film (250 pouches to one kg of film) should be Rs 3 to 4 per kg, while the current price of printed film is around Rs 9 per kg. The printed plastics pouch will thus be very much more expensive than the glass bottle. An alternative single service container would be polyethylene coated cardboard which is already being considered. The advantages of the single service pack are many and the plastics film now under test for pouching can under favourable circumstances play its part in the "operation flood" milk scheme of the National Dairy Development Board, which it is said, will usher in the "white revolution" in the economy. Pressed rigid PVC sheets, wire reinforced, replace glass in anti-vandal glazing. Glass reinforced polyester is in use for the same purpose, and is also an alternative to glass in translucent roofing panel.

LEATHER

The leather industry is export-oriented. Raw hides and skins are imported to the

tune of Rs 1.5 crores annually. Exports of finished leather goods and manufactures and leather footwear are around Rs 8 crores, of which footwear alone is Rs 7 crores. An export target of Rs 20 crores for footwear and Rs 3 crores for leather goods and manufactures has been suggested for 1973-74. The objective should be to increase availability of leather for exports without large imports of raw hides and skins. This would be possible by pressing into service plastics as an alternative to leather in the manufacture of goods. Plastics has already made dents in the traditional leather market, e.g. footwear. The PVC sheet has invaded the shoe market but the main production of plastics footwear is by moulding PVC compounds. The expanded vinyl, for use in upholstery and luggage, looks and feels like leather and lasts longer. Those markets which were previously the prerogative of leather have opened the door to plastics. The production of leather cloth in the country in 1969 was 11,500 kilometres. The expected production in 1970 is 10,000 kilometres. The unsupported sheet production was 4,400 tonnes in 1969 and will increase to 6,000 tonnes in the current year. The current consumption of PVC moulding compounds for footwear may be put at 8,000 tonnes. It will be seen that plastics can come to the aid of the leather industry and help attain the export target, by serving as an alternative, in the growing home market demands, mainly of footwear, luggage and upholstery.

RUBBER

The country is not yet self-sufficient in rubber, and current consumption runs to 1,25,000 tonnes. Automobile tyres, cycle tyres and retreading account for 85,000 tonnes. The footwear market consumes 18,000 tonnes and miscellaneous items such as belting, hose, tubing, proofed fabrics and insulation take up 22,000 tonnes. The exports of rubber goods touch Rs 7 crores. Vinyl plastics has entered the rubber footwear and miscellaneous goods market. Increasing penetration into these markets will save rubber for the tyre industry and for export of rubber goods while simultaneously meeting the rising home demand for the products.

PAPER

Traditionally, paper is a product derived from wood pulp. There has been large-scale entry of plastics film in the wrapping market in other countries. In the US styrene foam sheet substitutes paper pulp and board and is competitive with it. Thin blown HDPE film (40 gauge) has been developed to substitute tissue paper for grease proof packaging. Such film is also suitably processed to give high quality glossy printing paper, rivalling art paper, and resistant to tear and water. In place of cardboard, reinforced corrugated HDPE material has appeared in world markets.

The trend in advanced countries, to make paper and board from non-cellulosic materials should be of particular interest to the Indian pulp industry which is facing a formidable threat of growing raw material scarcity. The long fibred pulp,

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required for making tissue paper is not available in the country and 10,000 tonnes are being imported. So is high strength kraft paper to the extent of around 2,000 tonnes. Indigenous kraft paper can be upgraded to make it moisture proof and heat sealing by extrusion coating with polyethylene film. Similarly polyethylene coated cardboard cartons have potential in packaging of frozen seafoods. Thin blown polyethylene film is the alternative to indigenous tissue paper based on imported cellulose pulp. Food packaging is an area which offers considerable scope for replacing such tissue paper by thin HDPE film. Polyethylene film can supplement kraft paper, in unit prepackaging of milled cereals and pulses, fruits and vegetables and dried and salted fish. PVC clear film can function in the wrap market as alternate to transparent paper based on cellulose pulp. Polyethylene and PVC, supplement paper in cable insulation.

JUTE

The recurring shortage in jute can be combated by developing plastics packaging as an alternative. The introduction of the alternative packaging LDPE, PVC or cross laminated HDPE, non-woven film sack, or the HDPE woven sack, up to 10 per cent of jute supplies will only help the economy and increase availability of raw jute for exports of jute goods, which in any case will be sustained by the Government through fiscal measures and attention to production and labour problems. The unutilised capacity of the jute goods industry can also be put to use by turning out, in the mills, the alternative HDPE woven sack. Plastics film, in combination, is already playing a complementary role to increase wider application possibilities of jute in packaging industries, make the package moisture proof and heat sealable and improve the properties in all respects.

COTTON

There are definite advantages in supplementing cotton with synthetic fibre even on the basis of imported chemical intermediates. The savings in foreign exchange would be much greater if the intermediates were also produced in the country. 15,000 tonnes of synthetic fibres, nylon (9,000 tonnes) and polyester (6,000 tonnes) are currently produced from imported caprolactam and DMT. The Fourth Plan envisages production of 20,000 tonnes of caprolactam by the Gujarat State Fertilizers and 24,000 tonnes of DMT by Indian Petrochemicals Corporation. The indicative production estimates of plastics fibres by 1973-74 of 28,000 tonnes of nylon and 24,000 tonnes of polyester would be the equivalent of adding five to six lakh bales to the domestic output of cotton. The plastics fibres, besides, supplementing cotton, add functional values to the textiles such as long wear, crease resistance, light weight, strength, warmth and resistance to insect attack and fungal growth.

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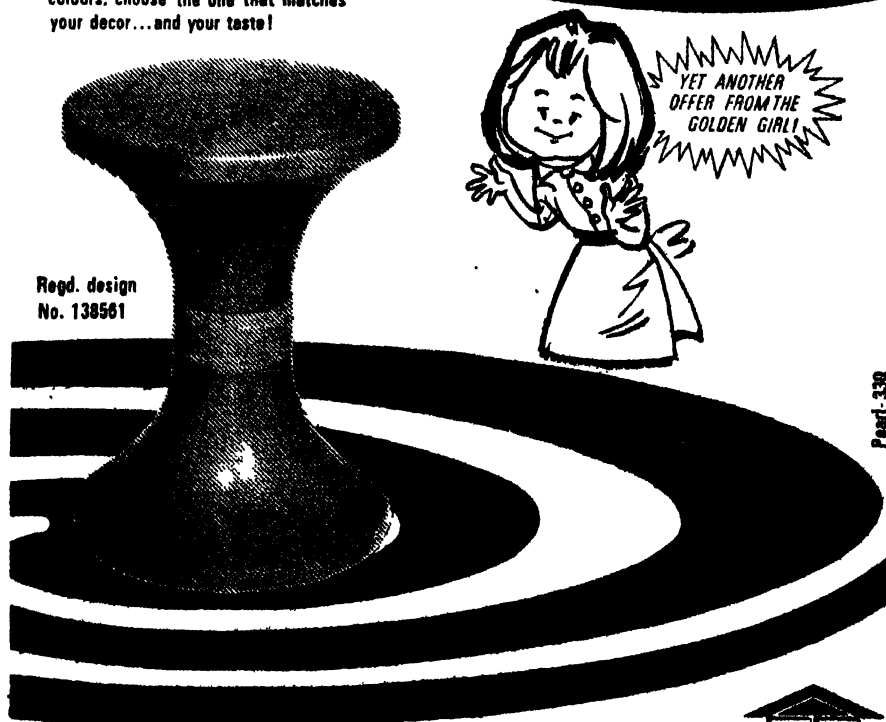
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Glassfibre reinforced plastics

By N. Jagannathan

PLASTICS are materials generally of high molecular weight that lend themselves to being transformed into different shapes by the application of heat, pressure or by catalytic activation. We may divide plastics into two broad categories—thermoplastics and thermosets. In reinforced plastics, thermosets are usually the type of resin employed and among the thermosets, polyesters and epoxides are the most widely used.

Although plastics offer a number of attractions on account of the ease with which they can be moulded, lightness, and remarkable chemical resistance, properties they have very limited strength. This shortcoming renders them unsuitable for use in structural applications. Efforts to overcome this shortcoming led to the development of reinforced plastics.

Mr Jagannathan is Product Manager (Reinforcements) of Fibreglass Pilkington Limited Bombay

For generations, natural materials such as timber, granite and steel, bricks and cement have been used for structural applications. These imposed some limitations on the designer as the basic properties of the materials were dictated by nature. Reinforced plastics have properties tailor-made to the dictates of the designer.

In reinforced plastics, we use in the form of plastics molecules of basic natural origin reassembled to polymers (big molecules) by suitable synthesis. We combine these polymers (plastics) with fibrous reinforcements of known properties into desired forms. In this composite form, the material provides strength and other properties unattainable in materials of natural forms of comparable weight.

Of all the plastics listed above, epoxides and polyesters have attained the greatest prominence in the reinforced plastics field, particularly because of their ability to be "cured" or "permanently solidified" under cold conditions without the use of high pressure.

Of all the fibres, glassfibres are the most preferred ones because of their remarkable strength and inorganic and hence non-rotting nature. A product made by using epoxide resin reinforced with glassfibres may be designed and fabricated to have a strength-to-weight ratio of nearly ten times that of a similarly shaped product made of steel.

While no one can credit Hitler for the advancement of science, science did respond to his challenge. A number of seminal developments occurred during the Second World War—nuclear power, penicillin,

radar systems, etc. The growth of reinforced plastics started during the last war. The first reinforced plastic product to be developed was the dome for radar equipment in aircraft. This needed to be light, structural and transparent to radio waves and reinforced plastics fulfilled all these needs. The post-war years saw the development of a wide range of glassfibre reinforcements and thermosetting resins and after nearly a decade of cautious trials, reinforced plastics came to be accepted as a structural material in its own right. Today millions of tons of reinforced plastics are used the world over.

In India, the reinforced plastics industry came into being about seven years ago when both the raw materials, glassfibre and polyester resins, were indigenously produced and in these seven years the industry has registered a steady growth. It is now making a major contribution to industry and the home by offering a variety of structural materials of great value.

Glassfibre reinforced plastics are made by impregnating glassfibre material normally with a synthetic resin. By varying the type of resin, reinforcement and the method of manufacture, the properties of the end-product can be varied to suit the user's requirements. Glassfibres are used to provide random, bi-directional or uni-directional reinforcement depending on the strength properties required. The resin (or plastic) component is usually a polyester resin, though epoxide resins are also used for certain applications.

There are several basic manufacturing techniques but the most common one is



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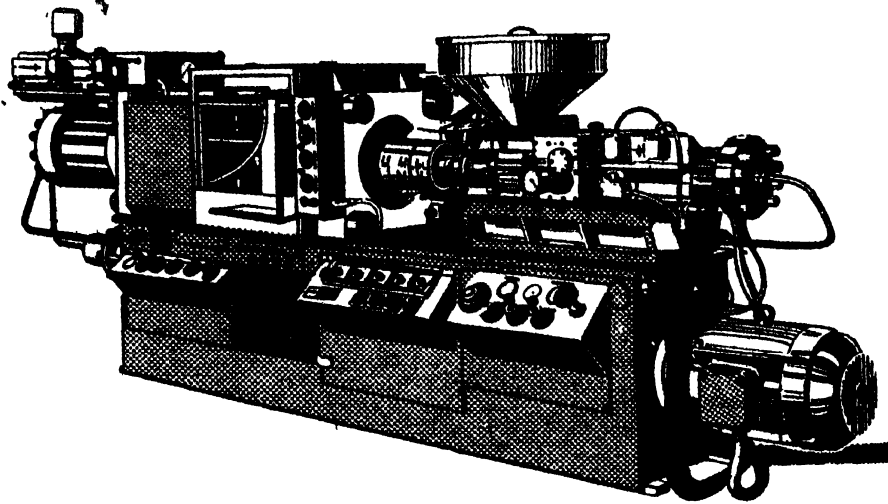
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AND TAKE-OFF EQUIPMENT, ETC.

"contact moulding". This makes use of the fact that component resins can be made to cure at room temperature without any applied pressure. A simple open mould is used for the process. The resin and reinforcement are laid up on this mould either by hand lay-up or by a special spray-up technique, involving the use of a machine with linked nozzles spraying the resin and chopped glassfibres simultaneously on to the mould. Though contact moulding is a comparatively slow process, there is almost no limit to the size or complexity of the moulding which can be produced.

Matched-die-moulding is used for the manufacture of smaller articles, especially where quantity production is necessary. The reinforcement can be applied either by hand or as a preform consisting of chopped fibres bonded loosely together in the shape of the moulding to be made. After the addition of the resin the moulds are closed and the laminate cured under heat and a pressure of about 100 lb/sq ft. The moulded product has a good surface finish and it can be made to close dimensional tolerances. Press moulding can also be made using glassfibre preimpregnated with resin. The dough moulding process, where again heated moulds are used under pressure, makes use of a mixture of resin, glassfibre strands and a suitable filler, mixed to the form of a dough. This process is particularly suitable for making small and intricate shapes.

Articles, which can be rotated round an axis, can be made by a process called "filament winding". This involves feeding continuous strands of glassfibre rovings through a resin bath and then winding them around a rotating mandrel or core. Semi or fully mechanised methods of continuous reinforced plastics production are employed for the fabrication of flat and corrugated sheeting, rods and tubes.

Although a number of techniques are

employed in processing reinforced plastics the most common one, as already mentioned, is the contact moulding technique. This process is particularly good in cases where the requirement of an article is comparatively small. This also requires very low capital investment, the capital employed per worker being Rs 750 compared to Rs 7,000 which is the all-industries average estimated by the Union Government for the Fourth Plan. A number of small-scale industrialists in this country have exploited these advantages and have grown commendably in the last six years.

Glassfibre reinforced plastics are well recognised engineering materials of construction. In one way or another, they are replacing conventional materials in most industries and their unique combination of properties, unknown in traditional materials, is creating new applications all the time.

Boats: About 50 per cent of the world's pleasure boats are now made in glassfibre reinforced plastics. A mine-sweeper of about 120 feet length is now being developed by the Royal Navy in the UK. Commercial boats like fishing trawlers are now in regular use in many parts of the world. In India, a number of rowing and sailing boats are already in use. GRP fishing trawlers of 32.6 feet will be available to the Indian fishermen within a few months' time. The advantages of GRP include lower production costs, improved resistance to weather and damage, lower maintenance cost and ease of repair. For India, with its shortage of good quality timber, the advantages offered by GRP are even more attractive.

Aircraft: In the field of aircraft construction, complex mouldings for the interior such as furnished panels, luggage racks, insulation panels and ducting are regularly made in GRP. Radomes and

nosecones of aircraft are also made in GRP; the supersonic jet Concorde has a GRP nosecone, made to very close tolerances.

Commercial vehicles: The production of a commercial vehicle body is very often not done on a large scale thus making the economic advantage of GRP very attractive. Many modern buses and coaches made in India have GRP body panels. Lorry and tractor cabs, crane cabs and engine covers have all taken on a new style and better efficiency where GRP has been used. GRP is more economical for small-scale production—less than 20,000 cars a year—and it would be a suitable material for the body of a small car to be produced in the country shortly.

Rail stock: Glassfibre reinforced plastics are now being used by the railways in the form of coach seats, window frames, bathroom equipment, etc. The Rajdhani Express, to run between Delhi and Bombay, will have carriages fitted with GRP seats and window-frames. Drastic weight reduction and the consequent payload increase is the contribution of GRP in this application.

Electrical: Glassfibre reinforced plastics in sheet and moulded form have been widely used in the electrical and electronics fields. Bus-car insulation, insulating blocks, base boards for high voltage equipment, moulded plugs and sockets and covers for electrical equipment are some of the typical uses.

Consumer durables: Well-designed and colourful home appliances such as trays, bath tubs, shower cabinets, mirror frames and chairs are available in the Indian market.

Chemical plant: In the chemical engineering field, the non-corrosive nature of GRP has made it possible to design and fabricate plants which last much longer than most metals. Tanks, pipes, ductings, pumps and various other structural parts are all made in India, resulting in the saving of precious foreign exchange spent on imported special alloys and metals. Custom fabrication of fewer parts is easy and inexpensive in GRP construction and this is an additional attraction offered by this material in this application.

Building: GRP have been used for long as a roofing material, where it permits daylight and eliminates the need for artificial lighting during day time. The load bearing capacity of GRP is fully utilised and now commercial production of modular houses has started in the UK and the continent.

There is no limit to the articles one can make in GRP. It is a new engineering material, having a composite structure derived from plastic which gives the body and glassfibre which provides the strength. With its inherent all-round properties, it is fast replacing common materials of construction found in everyday use. With glassfibre reinforced plastics having taken firm roots in the home market, their manufacturers have set their sights on exports and have set up an export promotion committee recently. A base has thus been set up to enable GRP to scale new heights.

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Exports: Performance and prospects

By K. Ramani

PLASTICS products have been assigned a significant role in India's foreign trade. Exports by the end of the Fourth Five-Year Plan will reach an estimated Rs 50 crores. The Union Government, taking into account the prospects for the export of plastics and linoleum products, has arranged a project study on the export potential of these products in the Fourth Plan. This study is being financed by the USAID, and Industrial Development Services Ltd, New Delhi, has been appointed consultants for this study. The study will review the required inputs and the marketing operations which are to be geared up to achieve the targeted level of exports.

Exports of plastics products, which were around Rs 19.8 lakhs during 1957-58, totalled Rs 8.75 crores during 1970-71. After the rupee devaluation export growth has been spectacular. The growth was as follows: 1966-67 Rs 3.77 crores, 1967-68 Rs 3.29 crores, 1968-69 Rs 6.20 crores, 1969-70

Mr Ramani is Deputy Secretary of the Plastics and Linoleums Export Promotion Council.

Rs 8.73 crores and 1970-71 Rs 8.75 crores. Today about 60 firms account for 85 per cent of the exports though there are 150 firms who have been regular exporters of plastics and linoleums products. The different plastics products have been classified broadly as linoleums, PVC leather cloth, PVC sheeting, laminates, electrical accessories, spectacle frames, fountain pens, bangles, PVC fabricated goods, plastic imitation jewellery, moulded goods, extruded goods, poly-lined jute goods, raw materials, pipes and specials and residuary items.

The Plastics and Linoleums Export Promotion Council, a quasi-government body working under the control of the Union Ministry of Foreign Trade, was established in June 1955 to promote plastics exports. Currently the membership of the Council is 675, the majority being from Bombay and the rest distributed in Delhi, Calcutta and Madras. While the Calcutta office caters to the needs of the members in the eastern region, the Madras office assists the exporters in the southern region. Exporters in the northern and western regions are assisted by the head office in Bombay.

The Council has been sending study teams and sales teams to the different markets abroad. These teams, apart from studying the market potential, have booked orders on the spot. In the last five years the plastics products have entered various new markets, to which India was not exporting before. The Council has been participating in the different trade fairs in the important world trade centres, through the Exhibitions Directorate of the Ministry of Foreign Trade and the Indian Council of Trade Fairs and Exhibitions, Bombay. Apart from this, the Council is also participating in specialised plastics fairs such

as Interplas in London, Kunststoffe in West Germany, Milan Plast in Italy and Macroplastic in Holland. At these fairs and exhibitions the council exhibits the products manufactured by the different plastics manufacturers.

The encouraging response from these exhibitions, has indicated that the industry is on the right path. In 1963 exports to the European countries were less than a Rs 10 lakhs. Today they are in the region of Rs 60 lakhs to Rs 70 lakhs, with the UK as the largest buyer of PVC sheeting, Czechoslovakia of linoleums, the USSR of spectacle frames, the Netherlands of poly-lined jute goods and Italy of textile machinery spares. The US is the largest buyer of imitation jewellery. In West Asia, the Sudan is the biggest buyer of houseware, mainly moulded goods, and the UAR and Iran of fountain pens. Hongkong imports plastics raw materials, while the West African and South-East Asian countries, particularly Malaysia and Thailand, import plastic bangles.

To meet the requirements of these quality-conscious buyers the Export Inspection Agency, set up by the Ministry of Foreign Trade, examines the goods prior to shipment and certifies the quality. Such pre-shipment inspection at present covers the exports of PVC leather cloth, sheeting, PVC footwear and linoleums.

Apart from exporting its products, the industry is also assisting neighbouring countries to set up industries of their own. A start has been made in Ceylon and Uganda for the manufacture of PVC leather cloth and sheeting. Proposals received from Kuwait and the East African countries are also being examined by established manufacturer-exporters for setting up fur-

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ther joint ventures for linoleums and PVC tiles

It is noteworthy to point out that India, which was a heavily importing country of plastics machinery, raw materials and finished products prior to 1955, has now transformed itself into a country which now exports not merely finished products, but semi-finished materials, raw materials, machinery and technical services. One-way trade has now become a two-way trade.

In spite of large production of plastics goods, the US, the UK and the USSR, the Federal Republic of West Germany, the Netherlands, Scandinavian countries, Yugoslavia and Czechoslovakia import fairly substantial quantities of our manufactured goods so as to provide a variety and novelty to its consumers of plastics goods. A large number of items carry the stamp of originality, ranging from plastic kippas apparatus to acetate bangles, spectacle frames, ornamental wall pieces, industrial components, etc. However, for achieving the desired targets, additional requirements of the industry could be met only by liberalising the import policy. New processes and technologies are required to be imported to offer a better range of products particularly to the developed countries, keeping in view the

Generalised System of Tariff Preferences available for exports of the developing countries. We should, therefore, produce what we can sell in such developed markets, as we cannot depend on the developing countries, who will gradually ban the import of plastics products, to give protection to their nascent industries. Future investment should relate, to a certain extent, to manufacture such type of products which will have an easy entry in the developed countries. The more sophisticated a market, the more it is keen to know the product and where it comes from. When manufactured products thus come up against international competition, they have to stand on their own. For this the industry will have to keep abreast of the advances in technology notably in the West.

The building materials and packaging lines offer good scope for those who desire to invest.

Today, with the facility of getting almost all the indigenous raw materials at international prices, Indian plastics products have become competitive at the source. With suitable assistance to compensate for the exorbitant freight rates, it may not be difficult to achieve better export targets during the Fourth Plan period.

the compression moulding techniques such as bottle caps, buttons, lamp shades, etc. 2. Plastics articles manufactured from sheets, rods or tubes by the fabrication technique such as bottle caps, buttons, lamp-shades, etc. 3. Polyethylene films (i.e. films with a thickness of less than 1 mm) and products made from the films such as bags, etc. 4. Blow-moulding containers and other similar films products manufactured by the blow moulding technique which is normally called extrusion blow moulding and which consists of extruding a tube into a mould and blowing air to form the finished product. 5. Manufacture of polyester sheets for buttons and the processing of these sheets so produced to manufacture buttons. 6. Spectacle frames made from by the fabrication technique or by injection moulding. 7. PVC shoes.

Besides, there are a few non-reserved items, for which additional capacity is to be licensed for new units in the scheduled sector, with due consideration to the capacity already created in the small-scale sector. Such items include plastics sheets (films above 1 mm thickness), plastics pipes and coated fabrics.

This industry in the small-scale sector exists in almost all the States with a fair degree of concentration in West Bengal and Maharashtra, accounting for nearly 1,000 small-scale units out of the total of nearly 2,200 such units in the country. The small units in these two States also account for about 60 per cent of the total processing capacity in the small-scale sector.

The investment and employment provided by this industry considerably vary according to the process of manufacturing, i.e. compression moulding, injection moulding, blow moulding and fabrication. Since a number of articles are manufactured by these processes, the employment generated at present and the employment potential of this industry can be studied more profitably with reference to these processes, individually.

There are about 217 small-scale units manufacturing plastics goods by compression moulding with an annual capacity of 4,600 tonnes. These units account for an overwhelming majority of the total units engaged in this process of manufacturing mainly because it is technically feasible and economically viable to undertake manufacture of these items on a small scale. A small-scale unit with a capacity amounting to 7,500 pounds of raw material for manufacturing different types of plastics goods through compression moulding provides employment to about 10 persons. On this basis, the small units manufacturing plastic goods through this process are estimated to employ nearly 15,000 persons. This sector of the industry is the source of appreciable employment potential.

Blow moulding is the second important process of manufacturing plastics goods from the viewpoint of employment provided. There are about 125 small-scale units manufacturing plastics goods through this process and are reported to have a capacity of nearly 1,700 tonnes per annum. A small unit manufacturing representative plastics products through this process with

By K. L. Nanjappa

Employment potential in the small-scale sector

THE plastics goods industry has recorded a phenomenal growth all over the world and is reported to have maintained a continuous annual growth rate of 10 per cent to 15 per cent during recent years. Plastics components are used in almost all the important industries like electronics, automobiles, railways, ships, aircraft, building trades, etc. In the packaging industry too, the contribution of plastics is quite significant. According to the report prepared by the Research Department of Predicasts Inc, USA, the world consumption of plastics materials is projected at 48.6 million tonnes per year by 1975; it will be almost four times more than the consumption in 1963-64.

The plastics industry in India has also correspondingly developed enormously since 1956. The production of plastics has risen to 36,000 tonnes in 1966, as against 984 tonnes in 1956. The supply position of plastics raw materials is expected to improve considerably in the near future, as two petrochemical complexes have gone into production. With the increasing availability of these raw materials, the plastics goods industry has also developed correspondingly. The converting capacity of the industry through compression moulding has gone up from 11,200 tonnes in 1955

to 48,000 tonnes in 1966. The corresponding figure for injection moulding has increased from 550 ozs to 8,600 ozs. The number of extruders for the industry has correspondingly risen from 55 to 360.

The industry has made rapid strides in the small-scale sector too. As against about 100 units borne on the list of the DGTD engaged in the manufacture of various plastics items, there are reported to be not less than 2,200 small-scale units with a processing capacity of nearly 30,000 tonnes per annum. The small-scale units manufacture a wide variety of articles both for the home market and export. These include both the utility consumable items and industrial items. The consumable items principally include buckets, bangles, novelties, hair brushes, folders and files, toys and games, flasks, zip fasteners, tubes, etc. The industrial items, mainly comprise electrical accessories, radio cabinets and knobs, textile spares, telephone cords, PVC tubing and sleeveings, bobbins, stores for defence, radio dials, etc. Since the small-scale sector has been considered to be competent to manufacture quality plastics goods, a number of items were reserved, as early as 1962, for exclusive development in this sector.

The items reserved have been revised from time to time and the latest of them are listed below: 1. Items produced by

Mr Nanjappa is Development Commissioner for Small-scale Industries.



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the annual consumption of 6,190 pounds of raw material provides employment to seven persons. On this basis, the existing small-scale units engaged in this process of manufacturing are estimated to provide employment to not less than 4,300 persons.

Plastics goods through injection moulding are manufactured by about 500 units with a capacity of 600 tonnes per annum. A small unit manufacturing the representative plastic items manufactured through this process and using 41,760 pounds of raw material, provides employment to 34 persons. Calculated on this basis, the existing small units of this sector of the industry are estimated to engage not less than 2,000 persons.

About 1,000 small-scale units manufacturing plastics articles through fabrication and vacuum forming processes, report an installed capacity of Rs 1,015 lakhs in value. On the basis that a small unit manufacturing representative plastics articles through this process with a capacity of 2,00,000 pounds of raw material employs 16 persons, the existing units can engage nearly 25,000 persons.

The small units manufacturing plastic goods through extrusion process (including polyethylene films and products made therefrom) are 162 in number with a capacity of nearly 10,000 tonnes per annum. A small unit manufacturing the representative items through this process and requiring raw material amounting to 33,000 pounds, per annum employs seven persons on the average. On this basis, the small units engaged in this process are expected to employ nearly 600 persons.

The small units manufacturing Monofilament from polyolefines are 31 with an installed capacity of 1,400 tonnes per annum. A small unit with the raw material requirement of 660 kg per annum is estimated to employ 12 persons. On this basis, the present small units can employ 1,100 persons approximately.

A number of small units are engaged in manufacturing spectacle frames from sheets by fabrication technique or injection moulding. Since this is the single largest group of units, these are kept separate from those manufacturing other articles through either of these processes. Such units are nearly 120 in number with the capacity of 3,200 tonnes per annum. An average small unit, using 4,500 kg of raw materials for manufacturing 15,000 dozens of spectacle frames per annum, employs, on an average, seven persons. On this basis, the existing units are estimated to generate employment for not less than 5,000 persons for full utilisation of their capacity.

It will thus be seen from the above account of employment potential in the existing small-scale units manufacturing plastics goods through different processes that there are nearly 2,200 small-scale units with a capacity requiring the services of not less than 53,000 persons of different skilled categories. It may, however, be added that all the existing units may not be providing employment of such a magnitude because of the under-utilisation of their capacity at present. In case, these units are assured of the required supply of raw materials (indigenous and imported), they can generate employment of this mag-

nitude in the country. The demand for plastics goods is sufficiently large so as to assume full utilisation of capacity by the existing small-scale units in the country.

Future outlook

Plastic goods are commonly used by all classes of people in the country. As such, this industry can be one of those suitable for decentralising manufacturing activities even in the less developed and backward areas. It is quite evident from the fact that the existing small-scale units are spread over in almost all the States with a varying degree of concentration. The employment potential of the existing small-scale units, no doubt, varies from one State to another according to the number of units and the processing capacities installed by them. Out of the total employment potential of nearly 53,000 persons as estimated above, the units in Maharashtra and West Bengal, account for nearly two-thirds of the total but the less developed States like Assam, Bihar, Jammu and Kashmir, Orissa, etc., also have some small-scale units of this industry, producing goods of daily use and providing employment to an appreciable number of persons. Such units in these States are estimated to employ nearly 400, 1,000, 200 and 500 persons, respectively.

This industry is bound to increase employment opportunities during the Fourth Plan period, because the availability of plastics raw materials is targeted to increase considerably and the demand for consumer articles made of plastics is observed to multiply continuously in the country. The Planning Commission is of the opinion that the rate of plastics material industry will grow at 8 per cent to 10 per cent per annum during this period. The total availability of different types of plastic raw materials is envisaged to increase from 86,000 tonnes in 1968-69 to 2,34,200 tonnes in 1973-74. Since the important sectors of this industry are already reserved for further expansion in the small-scale sector, it is fairly a optimistic view to assume that a considerable portion of increased supply of plastic raw materials will be consumed in the small-scale sector of this industry in the coming years. Assuming that the consumption of these materials in the small-scale sector expands at least proportionately to the increase in the total supply of these materials in the country, the employment potential to be generated in small-scale sector of this industry will not be below 1,50,000 persons by the end of 1974-75.

It will, however, be realistic to emphasise that the existing and prospective small-scale units of this industry should not have any bottleneck in utilising their existing capacities and installing fresh ones for meeting the present and prospective demand for plastics goods. Such bottlenecks may be in the form of shortage and high prices of raw materials and the difficult supply position of modern machinery due to restrictive imports. In case the targeted figures of plastic raw materials are fully achieved and a fair distribution of the same is ensured, the other bottlenecks should automatically be removed. Special attention needs to be paid to this industry in view of its capabilities of decentralised manufacturing even in the backward areas of the country. If necessary, it will be conducive to provide special incentives to those who have set up units of this industry in the remote areas in particular.

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PLASTICS STATISTICS

Imports of plastic raw materials and synthetic resins (1962-63 to 1969-70)

Year	Quantity (Tonnes)	Value (Rs lakhs)
1962-63	19,506	648
1963-64	12,704	471
1964-65	16,305	610
1965-66	14,593	580
1966-67	11,795	627
1967-68	31,475	1,317
1968-69	44,377	1,440
1969-70	14,447	831
Percentage change in 1969-70 over 1962-63 ..	-25.9	+28.2

SOURCE: Government of India, Department of Commercial Intelligence and Statistics, Calcutta, *Monthly Statistics of the Foreign Trade of India*.

Exports of plastic goods : 1964-65 to 1969-70

(At post-devaluation rate : Rs in lakhs)

Item	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70
Raw materials	49	57	19	9	144	319
Polythene-lined jute goods ..	183	162	169	90	148	132
PVC leather cloth	61	58	59	54	64	82
Linoleums	45	26	32	57	75	68
Moulded goods	26	20	13	17	29	53
PVC sheeting	16	21	14	27	25	33
Laminates	..	..	..	..	16	30
Extruded goods	6	5	4	7	23	28
Fountain pens	13	3	2	5	14	27
Spectacle frames	15	19	12	14	15	26
Plastic electrical accessories ..	25	21	31	24	15	21
Bangles	46	21	13	13	17	20
Plastic imitation jewellery ..	..	..	..	2	13	20
PVC fabricated goods	9	6	3	6	7	8
Pipes and specials	..	..	..	..	..	4
Residuary items	11	8	6	4	2	1
Grand total	502	427	377	329	619	873

NOTES: 1. Due to rounding off of the figures, total of individual items may not tally with the grand total.
2. PVC = Polyvinyl chloride.

SOURCE: The Plastics and Linoleums Export Promotion Council, *Sixteenth Annual Report for the year ending March 31, 1970*, Bombay.

Imports of major plastic raw materials and synthetic resins (1965-66 to 1969-70)

(Tonnes)

Raw material	1965-66	1966-67	1967-68	1968-69	1969-70	Percentage change in 1969-70 over 1965-66
Thermosets						
PF moulding powder	133	93	32	17	10	- 92.6
UF moulding powder	45	21	25	4	66	+ 46.7
Thermoplastics						
Polystyrene	103	576	1,920	1,778	388	+278.7
Polyethylene (LD)	1,144	238	5,956	2,533	289	- 74.8
Polyethylene (HD)	773	1,271	5,534	19,115	2,069	+ 167.6
PVC resin (suspension)	394	1,075	2,962	1,621	80	- 79.7
PVC resin (emulsion)	845	1,381	316	558	1	-100.0
PVC compound	602	372	690	1,396	161	- 73.7
CA moulding powder	57	113	55	134	91	+ 59.7
CA flakes	603	391	482	958	833	+ 38.1
CAB moulding powder	663	504	791	819	684	- 3.2
Nylon moulding powder	174	97	113	141	512	+194.2
Vinyl resin	274	847	882	940	773	+182.1
Polypropylene	215	764	1,425	1,008	903	+320.0

SOURCE: Government of India, Department of Commercial Intelligence and Statistics, Calcutta, *Monthly Statistics of the Foreign Trade of India*, various issues.

NOTES: 1. PF = Phenol formaldehyde.
2. UF = Urea formaldehyde.
3. PVC = Polyvinyl chloride.
4. CA = Cellulose acetate.
5. CAB = Cellulose acetobutyrate.

Trends in exports of plastic goods (1961-62 to 1969-70)

(At post-devaluation rate : Rs lakhs)

Year	Exports
1960-61	120
1961-62	131
1962-63	165
1963-64	416
1964-65	502
1965-66	427
1966-67	377
1967-68	320
1968-69	619
1969-70	873
Annual compound rate of growth between 1961-62 and 1969-70 (per cent)	24.67

NOTE: For comparability of data the export figures for the years 1960-61 to 1965-66, were adjusted because of the devaluation of Indian rupee on June 8, 1966.

SOURCES: 1. For the years 1960-61 to 1964-65, Indian Institute of Foreign Trade, *Exports of Plastics and Linoleum Products, Seminar, Conclusions and Recommendations*, January 1966, Bombay.
2. For the years 1965-66 to 1969-70, The Plastics and Linoleums Export Promotion Council, various *Annual Reports* for the year ending March.

Major manufacturing units

Acme Plastic Industries, 12-B, Chandivali Farm, Chandivali Road, Bombay-72 AS

The Ahmedabad Manufacturing & Calico Printing Co Ltd, Calico Mills, Chemicals and Plastics Division, Anik Chembur, Bombay-74

Ahuja & Sons, 225, Thakurdwar Road, Bombay-2

Atroplast Pvt Ltd, Sheel Chambers, 5th Floor, 10, Cawasji Patel Street, Fort, Bombay-1

Alkali & Chemical Corporation of India Ltd, 34, Chowringhee, Calcutta-16

All India Bakelite Works, Janmahoomi Chambers, Fort Street, Bombay-1

Amar Plastic Industries, 43, Mama Paramananda Road (Queen's Road), Bombay-2

Arco Plastics, 212, Khetwadi Main Road, Bombay-4

Ashok Plastics Pvt Ltd, 166, Canning Street, Calcutta-1

Associated Plastic Corporation, 45/1, Basantlal Saha Road Calcutta-53

Babli Products (India), Post Box No 7503, Sonawala Estate, Goregaon East, Bombay-63

BASF India Limited, Tetricon House, Dr E Moses Road, Bombay-11

Bata Shoe Co Pvt Ltd, 30, Theatre Road, Calcutta-16

Bengal Plastic Industries, 68, Canning Street, Calcutta-1

Berolec (India), 129, Arun Chambers, 1st Floor, 731, Tardeo, Bombay-34

Bhor Industries Pvt Ltd Sir Vithaldas Chambers, 16, Apollo Street, Bombay-1

Cariphans (India) Pvt Ltd, Block No D, Shivsagar Estate, Dr Annie Besant Road, Worli, Bombay-18

Carona Sahu Co Ltd, Fort House, 221, Dr Dadabhoy Naoroji Road, Bombay-1

Central Plastics, No 4, Ghodbunder Road, Indian Crucible Compound, Malad, Bombay-64

Chemicals & Plastics India Ltd, Dhun Building, 175/1, Mount Road, Madras-2

C. J. Industries (LNL), 6, Hampton Court, Wodehouse Road, Bombay-5

Collins and Co, Bentex Building, Off Tardeo Road, Bombay-34

Dhira Pen Manufacturing Co Pvt Ltd, 56/59, Kurla-Anandhi Road, J B Nagar, Andheri, Bombay-59

East Anglia Plastics (India) Ltd, 3, Camac Street, Calcutta-16

East India Rubber Works Private Ltd, 161, Chittaranjan Avenue, Calcutta-7

Elphinstone Spinning and Weaving Co Ltd, 11, Nicol Road, Ballard

Everbright Industries, 139 (G)/E, Agarwal Estate, Swami Vivekananda Road, Jogeshwari, Bombay-60

Everest Industrial Corporation, Elar Building, 524, Tulsi Pipe Road, Bombay-28

Finolex Plastic Industries, Bombay-Poona Road, Pimpri, Poona-18

Formica India Ltd, Post Box No 64, Poona-1

Garware Plastics Pvt Ltd, Chowpatty Chambers, Sandhurst Bridge, Bombay-7

General Electrical Industries, Hamam House, Hamam Street, Bombay-1

Golden Plastics, 67-69, Bazargate Street, Bombay-1

Gujarat Industries Pvt Ltd, Lalji Mansingh Building, 6, Lohar Chawl, Bombay-2

Hindustan Polymers Ltd, C/o Shree-ram Mills Ltd, Fergusson Road, Lower Parel, Bombay-13

Hindustan Polythene and Plastic Works, Yamuna Mills Road, Industrial Area, Baroda-4

ICI India Private Ltd, 34, Chowringhee, Calcutta-16

India Linoleums Ltd, Birla Building, 9/1, R N Mukherjee Road, Calcutta-1

Indian Plastics Ltd, Palsar Bridge, Kandivli, Bombay-67

Indo-Nippon Chemical Co Ltd, Alice Building, Dr D N Road, Bombay-1

Indo Pen Enterprises, 109, Bajson Industrial Estate, 40, Chakala Road, Andheri East, Bombay-69

Jardine Henderson Ltd, 4, Clive Row, Calcutta-1

Kamani Plastic Industries, 6th Carter Road, Borivli (East), Bombay-92

Karnodaya Plastics Industries, 80, Ardeshr Daya Street, Near C P Tank Bombay-4

Mahabir Plastic Industries, 6, Canal Road, New Alipore, Calcutta-53

Maharashtra Plastics, 20/21, Interlinks Industrial Estate, Caves Road, Jogeshwari (East), Bombay-60

Marf & Co, 362, V P Road, Bombay-4

The Melamine & Fibre Boards Ltd, Dr Ambedkar Road, Kalol (N Gujarat)

Mercury Plastics, 95/318D, Phalke Road, Bombay-14

Meta Frames Pvt Ltd, National Insurance Building, 204, Dr D N Road, Fort, Bombay-1

Metal Box Co of India Ltd, Barlow House, 69-C, Chowringhee Calcutta-20

M G Industries Pvt Ltd, 8/10, Tamarind Lane, 2nd Floor, Bombay-1

Mhatre Pen and Plastic Industries Pvt Ltd, Tulsi Pipe Road, Dadar, Bombay-28

Miraco Industries, 37, Dhaveshwar Darshan, Altamount Road, Bombay-26

Mysore Acetate & Chemicals Ltd, Mysugar Building, Post Box No 772, Jayachamaraja Wadiyar Road, Bangalore-2

Nagpal Private Ltd, 303, Arun Chambers, Tardeo Road, Bombay-34

Nanavati Plastic Corporation, Bira-baug, 91, Tejpal Road, Vileparle (East), Bombay-57

National Laminators, 1 and 3, Old Court House, Corner, Calcutta-1

National Organic Chemicals Ltd, Sandesh House, Dr Annie Besant Road, Worli, Bombay-18

National Plastic Industries, 40, Minch Galli, Opp. Jumma Masjid, Bombay-2

Neela Plastic and Rubber Products, Sonawala Estate, Goregaon East, Bombay-62

New Pack Industries, 33-A, Marine Lines, Lotus House, Bombay-1

New Polytex Industries, Bombay Mutual Building, 38, 2nd Floor, Dr D. N. Road, Bombay-1

Noble Plastic Works, 22, Mangesh Shenoy Street, Post Box No 755, Bombay-1

Nuchem Plastics Ltd, 54, Industrial Area, Faridabad NIT

Nylo Plast Industries P. Ltd, 254 D2, Dr Annie Besant Road, Prabhadevi, Bombay-25

Nylopick Industries, 536, New Cloth Market, Ahmedabad-2

Overseas Plastic Moulders, Industrial Estate, Oshiwara Bridge, Jogeshwari, Bombay-60

Pankaj Mercantile Company, 194, Nagdevi Street, Bombay-3

Pankaj Plastic Products, 139-A, Agarwal Industrial Estate, Swami Vivekananda Road, Jogeshwari, Bombay-60

Plastic Extruders Pvt Ltd, National Insurance Building, 204, Dr D N. Road, Bombay-1

Plastics Convertors, National House, 6, Tulloch Road, Bombay-1

Plasto-Flex Industries, 46, Nagdevi Street, Bombay-3

P N Kothari, 47/49, Mahakali Bldg, Pydhonie, Bombay-3

Podar Plastics Pvt Ltd, Podar Chambers, Parsi Bazar Street, Bombay-3

Polychem Limited, New Great Insurance Building, 7, J Tata Road, Churchgate Reclamation, Bombay-20

Polymer Products Company, Kirpalani Industrial Estate, Sakin Vihar Lake Road, Bombay-72

Polyolefins Industries Ltd, Neville House, Currimbhoy Road, Ballard Estate, Bombay-1

Presto Industries, 106, Kansara Chawl, Kalbadevi Road, Bombay-2

Quality Plastics, Plot No B-54, Thana Industrial Area, Wagle Estate, Thana

Radhakrishna Ramnarain Pvt Ltd, State Bank Building, Bank Street, Bombay-1

Radiant Plastics, Ram Baugh, Swami Vivekananda Road, Malad, Bombay-64

Shriram Vinyl and Chemical Industries, 1, Jhandewalan Estate, New Delhi-1

Standard Belt Co, Ismail Building, Near Cutlery Market, Bombay-2

Swastik Industries, Ram Baugh, Swami Vivekananda Road, Malad, Bombay-64

U Foam Pvt Ltd, 15-16, Industrial Estate, Sanat Nagar, Hyderabad

Union Carbide India Ltd, Industrial Products Sales Division, 1, Midland Street, Calcutta-16

Vijay Plastic Corporation, Industrial Estate, Madras

MONSOON, CROP AND COMMODITY SURVEY: MAY 1971

Good pre-monsoon rains

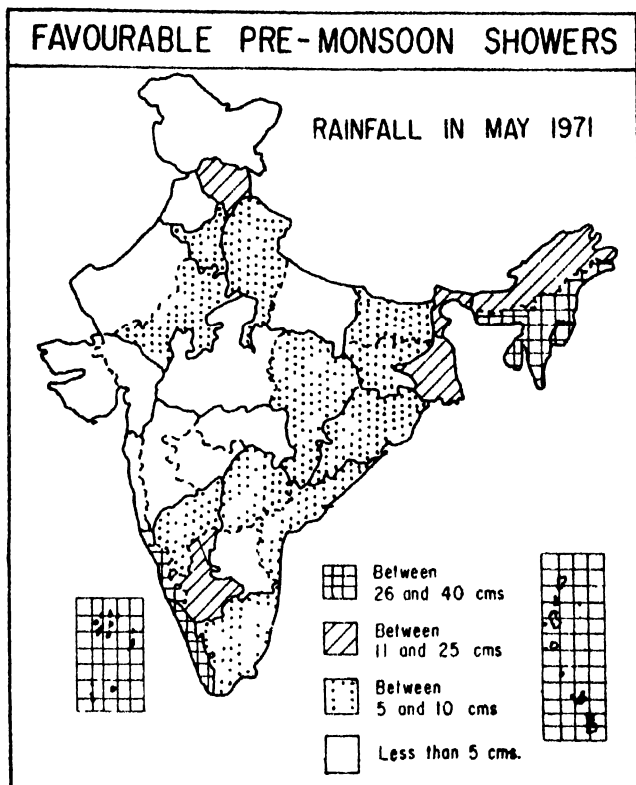
By Commerce Research Bureau

THE pre-monsoon rainfall during May was favourable over large parts of the country. This was not so, however, in Gujarat, Jammu and Kashmir, west Madhya Pradesh, Maharashtra, Punjab, west Rajasthan, the Rayalaseema region of Andhra Pradesh and east Uttar Pradesh. As can be seen from the rainfall map alongside, all other regions received rainfall of between 5 and 15 cm while some regions had heavier rainfall of between 26 and 40 cm. Rainfall of above 5 cm in May is considered as ideal for starting the preliminary agricultural operations and sowing. During the first week of June, the south-west monsoon was active almost throughout the country. In Gujarat and Maharashtra the sowing operations of groundnut, cotton and bajra have commenced. Agricultural operations have also commenced in many other States. Thus, the favourable pre-monsoon showers have pushed forward the agricultural operations in the country by about 10 days. This means that most probably, harvesting and marketing of *kharif* crops will commence earlier than usual this time.

Even at the fag-end of the current agricultural year, i.e., during May, the supplies of most of the agricultural commodities continued to be unusually comfortable. What is more, the country has surpluses in respect of at least three commodities—sugar, coffee and rubber. These surpluses have created their own peculiar problems.

With the expected foodgrains production around 105 million tonnes during 1970-71, the food situation is quite comfortable. At no time in the recent years did the country have such a comfortable supply position.

The supply and demand position of various agricultural commodities, their prices and other related developments during May are reviewed in the following paragraphs. Our State-by-State reviews appear after the commodity reviews.



Rice

The outturn of rice is expected to increase from 40.43 million tonnes in 1969-70 to 42.50 million tonnes in 1970-71. The supply position continued to be satisfactory in May. The daily arrivals at the terminal centres were generally satisfactory. The prices in the selected markets increased further during May on account of seasonal demand. In the Tadepalligudem market, the prices of Akkulu at Rs 96.65-104.05 per quintal showed an increase of 6 per cent in May and were 20 per cent higher than the level a year ago. In the Hapur market also the prices rose by 1.5 per cent but were one per cent lower than the level a year ago.

Wheat

During 1970-71, the production of wheat in the country is expected to be 20.50 million tonnes, against 20.01 million tonnes in 1969-70. But for the damage caused to the wheat crop by the unseasonal rains during April-May in Bihar, Punjab, Haryana and Uttar Pradesh, the production would have been still higher this year. As a result, the Union Government has relaxed specifications for procurement to facilitate purchases of rain-damaged wheat. On May 31, the Reserve Bank of India sanctioned an additional amount of Rs 50 crores to the Food Corporation of India to purchase wheat. This is in addition to Rs 200 crores sanctioned already. The daily arrivals averaged 10,000 and 8,000 maunds in the Hapur and

Sonepat markets, respectively. Nevertheless the prices in these two markets rose by 6 per cent and 2 per cent, respectively on account of good procurement by the Food Corporation of India and the State Governments. The current prices at Rs 80-88 per quintal are 4 per cent lower than the level a year ago.

Barley

The daily arrivals of barley at the terminal centres were satisfactory. Owing to the new crop arrivals, the supply position improved in May. As a result, the prices in the Bhatinda market at Rs 42.60-46.25 per quintal showed a fall of 4 per cent. On the other hand, the prices in the Hapur market firmed up by 6 per cent on account of good demand. The current prices are lower by 16 per cent than the level a year ago.

Jowar

The supply position of jowar continued to be satisfactory. Reflecting this, the prices in the Raichur market, at Rs 75-76 per quintal, recorded a decline of 6 per cent and were 3 per cent lower than the level a year ago. However, in the Hapur market, prices remained steady at Rs 70 per quintal throughout May and were 18 per cent lower than the level a year ago.

Bajra

The overall supply position of bajra continued to be comfortable. However, there was a seasonal fall in supplies. As a result, the prices of superior quality at

Rs 73-75 per quintal during May showed a substantial increase of 18 per cent. At this level, the prices were 23 per cent lower than the level a year ago. In the Hapur market, the prices ruled stable at Rs 40 per quintal and were 33 per cent lower than the level a year ago.

Maize

The arrivals of old maize crop have dwindled. But arrivals of new crop have commenced on a small scale during the last week of May. The prices in the Bhatinda market showed a moderate fall of 2 per cent in line with other cereal prices. On the other hand, the prices in the Hapur market moved up by 5 per cent on good buying support. The current prices in both these markets were 28 per cent below the level a year ago.

Gram

On the whole, the supply position of gram continued to be satisfactory in May. However, the outturn during 1970-71 is expected to be somewhat lower than in 1969-70. As a result of this expectation, the prices in the Bombay and Hapur markets, at Rs 88-89 and Rs 90 per quintal, showed increases of 3 per cent and 7 per cent, respectively. The current prices in the Hapur market were 18 per cent lower than the level a year ago.

Tur

The pace of daily arrivals was not satisfactory. Reflecting this, the prices of tur

(Berar white) in the Bombay market at Rs 128-130 per quintal showed a substantial rise of 16 per cent. In the Hapur market also, the prices firmed up by 4 per cent during May. The current prices were significantly lower than the level a year ago.

Cotton

The estimate of cotton production continued to be placed at 54 lakh bales in 1970-71 (September-August) season, against 58 lakh bales in 1969-70. Owing to the short-fall in the indigenous production, the Union Government had decided to import 10.50 lakh bales. So far, i.e., during September 1, 1970 to May 15, 1971, 2.35 lakh bales have been imported, against 5.54 lakh bales in the corresponding period of the previous year. In April, the US Government issued purchase authorisations for 99,000 bales of Upland cotton to India valued at \$15.84 million. During the period September 1, 1970 to May 15, 1971, Bengal Deshi registered for export was lower at 1.51 lakh bales, against 1.93 lakh bales during the comparable period of preceding year.

During January to March 1971, the consumption of all types of cotton including foreign cotton was lower by 1.70 lakh bales at 14.51 lakh bales compared to the corresponding period of 1970. The aggregate consumption by mills was 35.26 lakh bales during September 1970 to March 1971, against 36.76 lakh bales in the corresponding period of the preceding season.

In the Bombay market, the prices of cotton showed two phases. During the first fortnight of May, the prices of the popular varieties declined but only to rise in the second fortnight. On the whole, prices showed a moderate rise. The price of Digvijay (A) at Rs 886 per quintal recorded a rise of 5.5 per cent in May on account of brisk mill demand. The current price of this variety was 49 per cent higher than the level a year ago.

Jute

Eleven months of the current jute season—July 1970 to June 1971—are now over. At the fag-end of the current season, the daily arrivals in the upcountry markets dropped from 30,000 maunds at April-end to 20,000 maunds at May-end. During 1970-71, the combined production of jute and mesta is estimated at 62 lakh bales against 67.50 lakh bales in 1969-70.

As a result of seasonal fall in the pace of daily arrivals, the prices of Assam Bottoms in the Calcutta market at Rs 163.43 per quintal showed an increase of 3.4 per cent. The sellers were not ready to part with their stocks at lower prices and the buyers were also reluctant to quote higher prices because of the poor quality of the fibre coming at the fag-end of the season. Despite the shortfall in production, the current prices were 3 per cent lower than the level a year ago.

In the meantime, sowing of jute in West Bengal, Assam and Orissa has been almost completed. The weather conditions continued to be favourable so far. As a result, prospect for 1971-72 crop is excellent. It is estimated that the size of 1971-72 crop might be 85 lakh bales, against 62 lakh bales for 1970-71.

Oilseeds

Official estimates of groundnut (nuts-in-shell) placed the 1970-71 crop at an all-

time record level of 60.65 lakh tonnes, against 51.30 lakh tonnes in 1969-70. The previous record level of groundnut production was 60 lakh tonnes achieved in 1964-65. Of the total production in 1970-71, Gujarat accounted for 18.36 lakh tonnes or 30.3 per cent.

The following table presents the production of five major oilseeds.

Oilseed	(Lakh tonnes)		
	1969-70	1970-71	Percentage variation
Groundnut	51.30	60.65	18.2
Rapeseed and mustard	15.07	14.25	-5.4
Sesamum	4.33	4.56	3.9
Linseed	4.15	3.50	-15.7
Castorseed	1.10	1.40	27.3
Total	75.95	84.30	11.0

Meanwhile, the flow of daily arrivals of summer groundnut crop in the Madras market declined from about 120 tonnes in April to about 80 tonnes in May. Even in other major markets, there has been a seasonal fall in arrivals. In the Bombay market, the prices of Khandesh quality at Rs 193 per quintal showed a sharp rise of 9 per cent on good buying support in the face of decline in arrivals. The prices in the Rajkot market ruled more or less steady. In the Adoni and Madras markets, the prices declined marginally on account of somewhat slack demand. The current prices in the Madras markets were 29 per cent lower than the level a year ago. Both in the Bombay and Rajkot markets, the current prices were 23 per cent below the level a year ago. Among other developments, on May 24, the Reserve Bank of India announced a relaxation of its credit control on bank advances against mustardseed, rapeseed and soyabean. The minimum margin banks are required to keep with respect to advances against these three commodities has been reduced from 75 per cent to 60 per cent. Further, such bank advances have been exempted from the ceiling controls. The Union Ministry of Agriculture has sanctioned Rs 1.5 crores for the all-India co-ordinated research project on oilseeds during the Fourth Plan.

Sugarcane

According to official sources, during 1970-71 (October-September), the outturn of sugar (gur) is placed at about the 1969-70 level of 13.44 million tonnes. On the whole, availability of sugarcane was satisfactory from the commencement of the season in October till the end of May. The planting of sugarcane has been completed in almost all the major sugar producing States such as Uttar Pradesh, Maharashtra, Andhra Pradesh, Tamil Nadu, Mysore, Haryana, Bihar and Punjab.

Sugar

A large number of sugar factories have stopped their crushing operations ahead of the normal schedule of the preceding two years. The production of sugar during October 1970 to May 1971 has crossed 37.5 lakh tonnes. During the sugar season (October 1970 to September 1971), the aggregate production is expected to be slightly more than 38 lakh tonnes, against the all-time record level of 42.60 lakh tonnes in 1969-70. The current sugar sea-

son started with a record carry-over stock of 21 lakh tonnes. With this, the total availability is expected to be 59 lakh tonnes during 1970-71. Against this, domestic consumption and export in 1970-71 are expected to total 37 lakh tonnes and four lakh tonnes, respectively. Thus, the current sugar season is expected to close with a carry-over stock of about 18 lakh tonnes. On the whole, the supply position is very comfortable.

All controls on price, distribution and movement of sugar were removed by the Union Government from May 25, 1971. But the releases from factories will continue to be regulated to ensure reasonable and stable prices in the markets. A welcome feature of the new sugar policy is a uniform rate of excise duty of 30 per cent *ad valorem* fixed at Rs 125 tariff value. This excise duty has come into force from May 26. So far there were two rates—25 per cent and 37.5 per cent *ad valorem*—on levy sugar and free sale sugar, respectively. Following decontrol, the Government announced the monthly release of 4.50 lakh tonnes from the factories.

During the first three weeks of May, the prices of sugar in the major markets were rising. But soon after decontrol, the uptrend was arrested and the prices declined in these markets. In the Bombay market, the price of C-30 at Rs 188 per quintal showed a fall of 3 per cent. At this level, the price in this market was higher by Rs 8 per quintal or by 4.4 per cent than the level a year ago. In the Muzaffarnagar market also the prices declined marginally by one per cent, and were higher by Rs 20 or by 12 per cent than the level a year ago.

Khandsari

The production of khandsari has come to a stop. In the Muzaffarnagar market, the stocks of khandsari declined from 95,000 quintals in the first week of May to 75,000 quintals in the closing week of May. Nevertheless, khandsari prices in the Muzaffarnagar market at Rs 155-170 per quintal showed a fall of 11 per cent in sympathy with sugar prices. At this level, the prices were 20 per cent higher than the level a year ago. In the Delhi market also, the prices showed a moderate fall of 3 per cent.

Gur

The seasonal production of gur is also over. In the Hapur market, the daily arrivals dropped significantly. However, demand was fairly brisk from all the centres. The aggregate arrivals in the Hapur market were higher at 3.30 lakh quintals during the current season, against 2.60 lakh quintals in the last season. Reflecting the brisk demand, the prices of gur (superior) in the Hapur market at Rs 92.50-95 per quintal recorded a sharp rise of 20 per cent in May. At this level, the prices were 100 per cent higher than the level a year ago. In Muzaffarnagar market also, the prices of Chaku ruled firm at Rs 90-97.50 per quintal. The trading in the forward contract for gur remained suspended as the Forward Markets Commission did not grant permission to the local chamber to resume trading in the new contract.

Rubber

Rubber, which was scarce in 1969-70, has turned surplus in 1970-71. In 1969-70 (April-March) India imported 17,821 tonnes

of natural rubber to meet its requirements. During 1970-71, the production of natural rubber is expected to be more than 92,000 tonnes, against 81,950 tonnes in 1969-70. This has created a glut in the market. Of the total natural rubber production, more than 90 per cent is accounted for by Kerala.

In the Kottayam market, the prices of rubber on May 26, tumbled down to an all-time low of Rs 437.50 per quintal, against the minimum price of Rs 520 fixed by the Union Government. The slump in prices was due to the lower offtake by big rubber-consuming concerns like Incheck, Good-year, Bata and National Rubber. These units either closed or worked with reduced capacity owing to labour trouble and other reasons. Further, this blocked the pipeline which ensured the smooth flow of raw rubber between the State Trading Corporation (STC) and these companies resulting in the accumulation of stocks with the STC.

On May 29, the Union Deputy Minister for Foreign Trade, Mr A. C. George, said that the Government was exploring the possibility of exporting rubber. This gave a bullish prop to the market with the prices rising to Rs 452.50 per quintal on May 31. Further, the general strike by the plantation workers also aided the uptrend.

ANDHRA PRADESH

The production of foodgrains in the State is expected to increase from 74 lakh tonnes in 1969-70 to 78 lakh tonnes in 1970-71. Crops in more than 20,000 hectares in the State have suffered considerable damage due to the unseasonal rains in April-May. The districts that have suffered most are: Krishna, Guntur, East Godavari, West Godavari, Karimnagar, Mahbubnagar and Hyderabad. Latest reports indicated that paddy, cotton, sesamum crops and mango groves were almost washed away. The Food Corporation of India procured about four lakh tonnes of rice during the kharif season of 1970-71, a record procurement in the recent years.

ASSAM

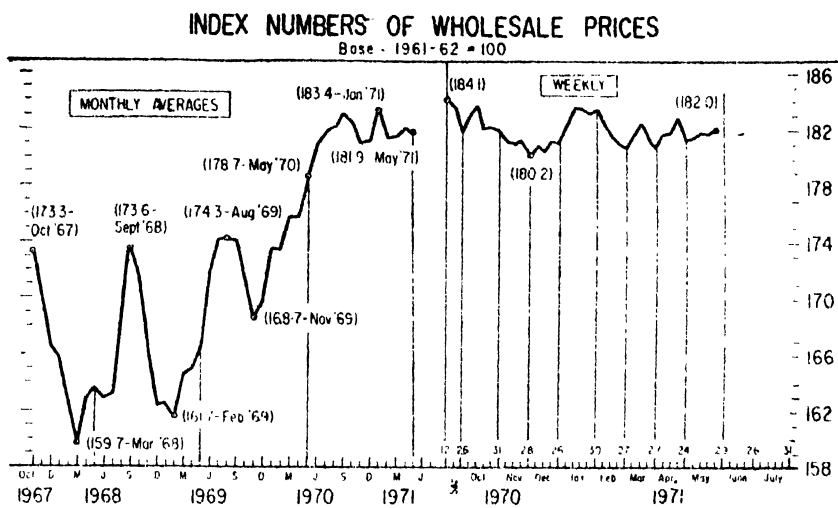
During 1970-71 the production of foodgrains in the State is expected to be higher at 22.50 lakh tonnes, against 21.19 lakh tonnes in 1969-70. The food situation in the State continues to be satisfactory. The tea crop in Assam is in good shape and the production of tea has commenced in April. However, the tea industry in the State is confronted with the twin problems of tardy growth and dwindling working capital.

BIHAR

The State Government has intimated to the Union Agriculture Ministry that more than 10 per cent of the foodgrains lying in open fields had been damaged. Damage caused by pre-monsoon rains in Bhagalpur district has been estimated at Rs 6 to Rs 7 crores. The Bihar Government has also asked the Centre to send a team to assess the total damage to crops. About 20 to 25 per cent of the harvested wheat has been damaged in Bihar. The Union Government has instructed the FCI to procure rain-damaged wheat as far as possible with a view to helping the farmers.

GUJARAT

The production of foodgrains in Gujarat increased from 32.21 lakh tonnes in



PRICES IN MAY

Stability continues

DURING May 1971, the Index Number of Wholesale Prices (average of three weeks) at 181.9 remained almost unchanged at the average level of April (-0.2 per cent). Compared to the level of the corresponding month of 1970, the average index was higher by only 1.8 per cent.

Reflecting the comfortable supply position, the prices of foodgrains during May were 4.5 per cent lower than the level a year ago. The prices of edible oils also were 15 per cent lower than the level a year ago. On the other hand, the prices of other items comprising the food articles group such as fruits and vegetables, and milk and milk products were 7.6 per cent and 1.6 per cent higher than the levels a year ago. Similarly, the prices of sugar and allied products, and fish, eggs and meat were 27.9 per cent and 9.9 per cent above the levels a year ago. On balance, the index of food articles was about the same as it was a year ago. The price index of manufactures also declined nominally by 0.4 per cent during the month. But it was 7.9 per cent higher than the level a year ago.

During the week ended May 22, 1971, the official Index Number of Wholesale Prices at 182 was only 1.2 per cent higher than the level a year ago.

What is more, the prices have remained almost stable for the eleven months from July 1970 to May 1971. These eleven months included some months of the busy season and some months of the slack season. Going by the normal pattern, the prices should have fallen during the earlier months and risen during the later months. Intriguingly, there was neither a significant fall in the busy season nor has there been a rise in the slack season at least till now.

The indirect impact of the new taxes proposed in the Union Budget for 1971-72 on prices may be very small. However, the deficit financing is likely to be very large. As a result, there will be an upward pressure on the prices in the coming year. At the same time, much will depend upon the supply situation which in turn will depend on the course of the monsoon in the current year.

INDEX NUMBERS OF WHOLESALE PRICES

(Base : 1961 62=100)

Group/Commodity	Weight	May 22, 1971	April 24, 1971	May 23, 1970	Percentage variation on May 22, 1971 over	
					April 24, 1971	May 23, 1970
Food articles	41	204.0	201.2	204.1	1.4	—
(1) Rice	7	200.5	198.5	207.1	1.0	— 3.2
(2) Wheat	3	200.5	203.1	200.9	— 1.3	— 3.1
Industrial raw materials ..	12	185.9	186.6	198.8	— 0.4	— 6.5
(1) Cotton, raw	2	218.1	222.0	188.8	— 2.2	16.6
(2) Jute, raw	1	153.2	157.3	151.6	— 2.6	1.1
(3) Groundnuts	3	185.4	177.3	234.6	4.6	— 21.0
Manufactures	20	161.9	162.6	150.0	— 0.4	7.9
All commodities	100	182.0	181.3	179.8	0.4	1.2

1969-70 to 34 lakh tonnes in 1970-71. Till May 27, this year, the Food Corporation of India had purchased over 35,000 tonnes of wheat and exceeded the target of 30,000 tonnes fixed for the State. The FCI is expected to procure an additional 20,000 to 25,000 tonnes of wheat during the current marketing season. The Corporation has opened 68 purchase centres in 12 wheat growing districts of Gujarat.

HARYANA

The production of foodgrains in the State is expected to be marginally lower at 46 lakh tonnes in 1970-71, against 46.26 lakh tonnes in 1969-70. Over one lakh tonnes of wheat worth Rs 10 crores, awaiting threshing in the fields, has been either completely destroyed or partially damaged by the pre-monsoon rains in the State. The State Government has started purchasing damaged wheat at prices ranging from Rs 70 to Rs 72 per quintal depending on the extent of damage. The procurement will continue till September 1971. During April-May 1971, about 4.50 lakh tonnes of wheat has been procured, against 2 lakh tonnes in the comparable period of last year. The State Government plans to procure 7 lakh tonnes of wheat in 1971-72, against the target of 5.50 lakh tonnes.

HIMACHAL PRADESH

During 1970-71, the State's foodgrains production aggregated 11.50 lakh tonnes against 9.82 lakh tonnes in 1969-70. Following a severe hailstorm in the apple belt of Himachal Pradesh, apple crop worth over Rs 50 lakhs was destroyed. The worst hit areas were: Korgarh, popularly known as the home of apples, Narkanda, Kotkhai and Jubbal. Further, unseasonal rains and hailstorm have also caused considerable damage to other crops. The State Government has decided to launch a crash programme to construct khuls (mountainous water channels) in the border district of Lahaul and Spiti for proper irrigation facilities.

JAMMU AND KASHMIR

The production of foodgrains in the State is expected to be marginally higher at 11.75 lakh tonnes in 1970-71, against 11.51 lakh tonnes in 1969-70. The food situation continues to be satisfactory. The Forest Department has brought more than 10,000 acres of land under the willow plantation in the Haran area of Ganderbal.

KERALA

During 1970-71, the production of foodgrains in the State is expected to be higher at 13.25 lakh tonnes, against 11.51 lakh tonnes in 1969-70. The production of commercial crops such as rubber, coconut, coffee, arecanut and spices is also expected to be higher than last year. There is a glut of rubber in the markets. In the Kottayam market, the prices of rubber slumped to an all-time low of Rs 437.50 per quintal on May 26. On May 19, the first of the 150-odd closed cashew factories re-opened. On

May 10, the Kerala Government promulgated an ordinance nationalising nearly 1,200 sq miles of private forests in the Malabar area of the State.

MADHYA PRADESH

The production of foodgrains in the State is expected to be higher at 102.50 lakh tonnes in 1970-71, against 97.69 lakh tonnes in 1969-70. The procurement of rice amounted to 5 lakh tonnes in 1970-71. For 1971-72, the procurement target of wheat has been fixed at 50,000 tonnes. Of these 20,000 tonnes have been procured. The State Government has decided to advance Rs 20 crores to the farmers under various agricultural development schemes.

MAHARASHTRA

Because of the drought conditions, the production of foodgrains in the State is expected to be significantly lower at 55 lakh tonnes in 1970-71, against 69.14 lakh tonnes in 1969-70. During the period November 1970 to April 1971, the State Government procured under the monopoly procurement scheme 3.48 lakh tonnes of paddy and 0.64 lakh tonnes of jowar, against 2.82 lakh tonnes of paddy and 1.95 lakh tonnes of jowar in the comparable period of last year.

MYSORE

The State's foodgrains production is expected to be higher at 62 lakh tonnes in 1970-71, against 58.91 lakh tonnes in 1969-70. The State nurses a surplus rice stock. Raw cotton valued over Rs 10 crores are lying unsold in the State. The Mysore State Fisheries Development Corporation has decided to set up a Rs 15-lakh fish canning plant at Kulai in Mangalore.

NAGALAND

Rice is the main crop in the State. No rabi food crops are cultivated in this State. The production of rice is expected to be 52,000 tonnes in 1970-71 as compared with 50,000 tonnes in 1969-70. The food situation in the State continues to be satisfactory.

ORISSA

The State's foodgrains production is expected to be 53.50 lakh tonnes in 1970-71, against 50.33 lakh tonnes in 1969-70. Owing to the good pre-monsoon rainfall in the State, jute sowing is in full swing. It is estimated that an area of 90,000 acres had already been sown under jute. The jute acreage for 1971-72 season may reach the target of 1.50 lakh acres as against 1.08 lakh acres in the preceding year. It has been decided to take up the aerial spraying of urea operation in mid-June over an area of 10,000 acres.

PUNJAB

During 1970-71, the production of foodgrains in the State is expected to be 70 lakh tonnes, against 69.37 lakh tonnes. Owing to the unseasonal rains, about 10 to 15 per cent of the wheat crop in the State has

been damaged. The Union Government has instructed the FCI to purchase rain-soaked wheat in Punjab at prices ranging from Rs 71 to Rs 73 per quintal depending on the extent of damage. The new dwarf rice variety 'Jaya' has shown better performance in Punjab than in any other State in the country. For 1971-72, the Punjab Government has selected an area of 952 acres in the Amritsar district for fish culture.

RAJASTHAN

Rajasthan is expected to harvest an all-time record level of 76 lakh tonnes of foodgrains crop in 1970-71, against 47.50 lakh tonnes in 1969-70. The previous peak level of 66.02 lakh tonnes was achieved in 1967-68. The Food Corporation of India has been procuring wheat in the State at prices ranging from Rs 74 to Rs 76 per quintal. This is the only important rabi foodgrains producing State which has not been affected by the unseasonal rainfall. The FCI has purchased 22,872 tonnes of wheat up to May 15, against the target of 75,000 tonnes.

TAMIL NADU

Official data place the State's foodgrains production at 72 lakh tonnes in 1970-71, against 62.39 lakh tonnes in 1969-70. The farmers of the rice-rich Thanjavur district appealed to the State Government to buy at least one lakh tonnes of rice from the kuruvai crop to prevent distress sales in the wake of the anticipated glut. The State Government has decided that the existing stock of the chemical fertilisers would be sold at the prevailing subsidised rates with a view to increasing the foodgrains production.

UTTAR PRADESH

The State's foodgrains production is expected to rise from 175.47 lakh tonnes in 1969-70 to 180 lakh tonnes in 1970-71. However, the unseasonal rains in May have damaged about 20 to 25 per cent of the wheat crop in the State. According to rough estimates, rabi foodgrains of 15 to 18 lakh tonnes valued at Rs 115 to Rs 125 crores have been damaged. The FCI has been asked by the Union Government to procure the rain-soaked wheat in the State. Following heavy arrivals, the FCI procured 20,000 tonnes of wheat in Muzaffarnagar district and thus fulfilled its target fixed for the district. Despite this, the FCI has continued its procurement operations in this district.

WEST BENGAL

The production of foodgrains in the State is expected to be 78 lakh tonnes in 1970-71, against 73.64 lakh tonnes in 1969-70. Jute sowing has been completed; the acreage this year is more than normal. The State Government has taken special steps to raise the output of jute and mesta. Owing to the continuous influx of refugees from Bangla Desh, the State Government has asked the Centre to allot 8.25 lakh tonnes of rice immediately.

Spot prices of agricultural commodities: May 1971

Spot prices of agricultural commodities: May 1971													
Commodity	Market	Variety	30th April, 1971	May 1971					Percentage variation over the month	High		Low	
				7th	14th	21st	28th	31st		As on May 1971	Rs	As on May 1971	Rs
I. Feedgrains													
(1) Rice	T'gudem Hapur Calcutta Delhi	Akruli (New) Kaccha Basmati (New)	94.59-97.29 160.162.50 197.50-222.50 140-185	97.29-102.70 165-185 197-222.50 140-190	97.65-102.70 165-182.50 197-222.50 140-190	98.65-104.05 165-182.50 195-210 140-190	98.65-104.05 165-182.50 195-210 140-190	98.65-104.05 165-182.50 195-210 140-190	6.0 1.5 -3.0 -1.5	18 5 4 6	98.65-104.05 165-182.50 195-210 140-190	1 1 21 1	94.59-97.29 160.162.50 197-222.50 140-185
(2) Wheat	Hapur Bhatinda Delhi Sonapat	White Farm Farm Farm Farm	90-82.50 80.60-85.75 101 90-85	77.50-80 82-50 95 78-80	80-82.50 83.50-88.75 95 77-82	80-82.50 86.50-90.70 95 80-88	83.75-86.25 83.75-86.25 94 80-88	86-87.50 83.75-87.76 93 80-88	6.2 3.2 7.9 1.8	28 21 1 17	83.75-86.25 85.50-90.70 101 80-88	5 1 31 11	77.50-80 80.50-85.75 93 77-78
(3) Barley	Bhatinda Hapur	.....	44.70-47.70 45	43-75 43.75	41.25-44.75 45	40.50-43.25 45	42.60-46.25 47.60	42.60-46.25 47.60	-3.8 5.6	1 28	44.70-47.70 47.60	31 4	40.50-43.25 43.75
(4) Jowar	Hapur Raichur	White White	70 80-80.50	70 79-79.50	70 78	70 75	70 75-76	70 76-76	-5.9	..	80-80.50	21	75
(5) Bajra	Bombay Hapur	Superior	60-65 40	60-65 40	63-72 40	68-75 40	73-75 40	73-75 40	18.4	27	73-75	1	60-65
(6) Maize	Bhatinda Hapur	.....	47.70-53.30 40-42.50	47.30-51.25 40-42.50	48.30-52.30 40-42.50	48.70-52.30 40-42.50	47.30-51.75 42.50-43.75	47.30-51.75 42.50-43.75	-1.9 4.5	25 25	48.70-52.30 50-52.50	4 1	47.30-51.25 40-42.50
(7) Gram	Bombay Hapur Rohat	Punjab Del Kabli	81-83 84 125-145	85-86 83-75 115-135	85-86 83-75 115-136	86-87 83-75 120-130	88-90 80 120-130	88-89 90 120-130	7.9 7.1 7.4	25 25 1	88-90 90 125-145	1 4 20	81-83 83-75 115-130
(8) Tur ..	Bombay Hapur	Berar white Dal	110-112 122.50	115-118 120	118-120 120	124-125 125	132-135 125	128-130 127.50	16.2 4.1	29 29	132-135 127.50	1 4	108-112 120
II. Fibres													
(1) Cotton	Bombay " " " " " " " " " " Calcutta	Moglai Jarilla Khandesh Vinnar Digvijay 'A' Cambodia 'A' L-147 Bengal Deshi Assam Bottoms	623 671 840 873 779 377 158.09	636 679 856 873 787 377 151.38	621 661 851 858 780 377 158.07	621 661 865 858 786 377 162.10	621 661 865 858 786 377 163.43	621 661 865 858 786 377 163.46	-1.1 2.5 5.6 1.5 0.1 0.8 3.4	3 3 27 27 27 25 26	636 679 865 858 786 377 164.77	12 12 12 12 17 20 5	621 661 844 858 766 377 161.38
III. Oilseeds and oil													
(1) Groundnut (Kernels)	Bombay Rajkot Adoni Madras	Khandesh quality	177 148.96 197 178.75	178 162.09 197 181.25	176 148.95 196 172.50	178 147.92 195 177.50	194 151.17 194 178.75	193 150 195 177.50	9.0 0.7 -1.0 -0.7	29 4 1 4	196 152.08 197 181.25	11 18 22 11	177 147.92 194 172.50
(2) Groundnut oil	Adoni Bombay Madras Rajkot	..... ..... ..... .....	382.50 406.50 383 387	387.50 422.50 390 400	380 411 377 397	385 416 387 392	383 419 393 401.50	378 415 393 400	-1.2 2.1 2.6 3.4	4 4 26 25	387.50 422.50 393 401.50	31 1 11 1	378 406.50 377 387
(3) Rapeseed ..	Kanpur Ludhiana	..... .....	150-155 145	154-158 145	160-162 140	160-162 145	164-170 162	170 140	11.5 -3.4	29 25	170 162	1 11	150-165 140
(4) Mustardseed	Hapur Delhi	..... .....	140 160-165	147.50 165-170	147.50 165-170	145 183-188	162.50 180-185	160 185-188	14.3 14.3	28 20	160-165 185-188	1 1	140 160-165
IV. Others													
(1) Sugar	Bombay Muzaffarnagar Delhi	C-30 Crystal	194 190-203 175-190	194 190-204 175-190	194 190-204 175-190	200-202 190-200 176-190	193.50-194.50 187-195 165-175	188 190-200 155-170	-3.1 -0.8 -11.0	17 11 1	203-205 190-204 175-190	31 26 29	188 187-195 155-170
(2) Khandasari	Muzaffarnagar	.....	135-177.50	135-177.50	135-177.50	135-177.50	130-172.50	130-172.50	-3.2	25	135-181	26	130-172.50
(3) Gur ..	Hapur Kolhapur	Panasa superior Superior	75-81 140-150	75-82.50 142-160	80-87.50 140-160	80-87.50 138-190	90-92.50 140-150	92.50-95 140-150	20.2 ..	25 19	92.50-95 138-190	1 14	75-81 140-150
(4) Tea ..	Calcutta	.....	621	585	629	629	629	629	1.3	14	629	7	585
(5) Coffee	Coimbatore	Robusta Flat	450-480	540-650	510-520	510-620	510-620	510-620	10.8	6	540-650	1	450-480

Mahindra UGINE Steel Company Limited

Statement of the Chairman, Mr Harish Mahindra

FOLLOWING is the statement of the Chairman, Mr Harish Mahindra to the Members on the occasion of the 8th Annual General Meeting of the Company held in Bombay on 11th June 1971:

The Directors' Report and the Accounts for the year ended 31st December 1970 have already been circulated. My statements in the past used to dwell on the economic and political issues providing the background to your Company's operations. But this year I am making a departure by concentrating on topics of direct interest to you. Nevertheless we have been so close to the presentation of the Union Budget for 1971-72 that it would be desirable and appropriate if at the outset it is briefly referred to and its impact on industrial growth assessed.

Budget Proposals

The Government has come out with a Budget having the avowed objective of narrowing down economic disparities. Some of the measures introduced have a distinct veneer of socialism. Reading between the lines, one would find that there is a positive attempt to mould the pattern of consumption as also to further discourage conspicuous consumption. The Budget, therefore, appears to be motivated more by a desire to project a radical stance rather than to trigger off an accelerated pace of industrial investment. As far as the corporate sector is concerned, the measures to increase the rate of capital gains tax and the rate of surtax on company profits where they are in excess of 15 per cent of the capital as also the abolition of Development Rebate after 31st May 1974, coupled with the reduction in the amount allowed to be deducted from 8 per cent to 5 per cent of profits in respect of priority industries whose list has also been slashed will undoubtedly hinder capital formation.

The Development Rebate Reserve, introduced in 1955, is intended to be discontinued from the end of 1973-74 for several reasons. Firstly, with such a threat of abolition of DR it is hoped that the tempo of investment between now and 1974 would be quickened. Secondly, it is presumed that the country has already built up a 'wide enough' industrial base and therefore there is no need to perpetuate DR. And, finally this step is also for the purpose of 'preventing accumulation of surplus resources and growth of larger houses'. These arguments do not carry conviction and sound rather specious. There are several better ways to stimulate investment activity such as expediting issue of industrial licences for both new units and expansion than through the abolition of Development Rebate. The second argument that the country has already built up a wide enough industrial base is open to question as the prime need of the hour is to accelerate the growth of all industries for the sake of which it is essential to offer positive incen-

tives for investment. It is also a moot point whether there is such a wide base as is presumed. If there is one, why should we be planning for expansion of capacities in Steel, machine-building industries, heavy chemicals and such other basic industries? As regards the third argument, we should bear in mind that while there are examples of a few companies who have been able to amortise an amount in excess of the capital invested in a brief period, this does not mean that all companies can do so. Much depends on the nature of the industry. Steel or Alloy Steel Industry as such, is a capital-intensive one and it takes a fairly long time before the break-even point is reached and before an organisation gets into the profitability stride.

The need to build up reserves equal to the replacement value of plant and machinery is such that depreciation by itself however much liberal it be, cannot be adequate, especially in these days of mounting prices steadily eroding the value of the Rupee. Secondly, when the time comes for replacement of Plant and Equipment, it is seldom that Industry buys the same type of equipment, which due to efflux of time would have become obsolete in view of the technological advancements. Consequently, replacement equipment would constitute more sophisticated equipment and also would be in the form of improved designs, with streamlined features incorporating the latest technical innovations. Replacement by such a modern equipment entails a higher capital expenditure than the cost of the original plant or machinery.

It is therefore urged that the commendable and progressive views with which it was introduced should not be lost sight of and the decision in regard to abolition of Development Rebate be reconsidered. Alternatively, the Government may consider a proposal put forward in 1967 by Dr R. K. Hazari that such major tax concessions should be "(a) selective matched with plan priorities and graded accordingly with a larger differential than given at present and (b) related directly to larger output, lower cost and higher profits instead of conferring a bounty on the amount of investment per se."

The agricultural sector has continued to be a tax heaven. If the necessary processes had been set in motion to prompt and enable State Government to tax agricultural incomes in areas of assured water supply, above an exemption limit of Rs 15,000, if not less, it would have helped the achievement of the crucial objective of imparting a measure of equity to our income taxation and would have made our taxation income-elastic, responsive to movements in national income. It may also be stated that taxation of the prosperous pockets in the rural areas would have had to a certain extent, a distinct disinflationary effect on the price spiral by siphoning

a part of the (excess) money in circulation into Government coffers.

Working of Your Company

Let us now turn our attention to the operations of the Company during 1970 and the first five months of 1971. It must be extremely heartening to all of you to learn that the second complete year of integrated operations of your Plant resulted in satisfactory financial results. Indeed 1970 was a year of solid achievement for your Company. We produced more ingot tonnes during the year under review—we rolled and finished larger quantities of bars and our net sales increased by nearly 67 per cent as compared to the preceding year. So far as production was concerned, your Plant was capable of achieving higher levels of output in terms of Ingots as well as Rolled Steel but for constraints like non-availability of certain critical raw materials and consumable stores.

Outlook

As mentioned in the Directors' Report, the Company has finalised the financial plan for the Balancing Equipment and it is in the process of releasing the orders for plant and equipment required to produce 24,000 tonnes of Finished Steel on an integrated and sustained basis. The fact that in 1970 we had produced more than 26,000 tonnes should not make us oblivious to the necessity of forging ahead with the Balancing Scheme inasmuch as last year we rolled about 1,500 tonnes of blooms into finished products in order to augment production.

I am happy to advise you that in furtherance of our plans to expand the capacity of your Plant and to achieve maximum economies of scale your Company has been able to submit a comprehensive plan to the Government for enlargement of the productive capacity upto 60,000 tonnes of finished Tool, Alloy and Special Steels per annum. I am also happy to advise you that our application is being sympathetically considered by the Government in the context of the widening gap between demand and production of Alloy and Special Steels in the country and we expect to receive a favourable decision shortly. In planning the expanded capacity of our Plant we shall strive to achieve maximum diversification of the end-products consistent with a favourable capital-output ratio.

Sales during the first five months of the current year continue to be satisfactory and the gross sales have amounted to Rs 429 lacs as against Rs 283 lacs during the corresponding period in 1970.

Your Company's present position and its outlook for the future, I believe, is fairly promising—promising in people, technological ability, product line and in dedication. However, the strength built up over the past few years will not, by itself enable us to meet the growth goals we have set for ourselves in the coming years. For this, we have to constantly strive to expand our operations and diversify our product-mix so that the goals are met or even exceeded.

Perspective Planning

The observations about our sales and the outlook for our Company prompts me to discuss briefly the developments and

trends in our own industry and share some thoughts on perspective planning. Planning today is a universally accepted exercise for one and all. It involves looking as far ahead as the data on our hands and our vision permit. In the life of a corporation this means a close study of all the factors that shape its progress and influence it decisively. There are several such factors and one such all-important factor, external to the organisation that could provide the guidelines for future growth is the assessment of the potential market. I attach over-riding importance to a sincere, honest and realistic attempt to size up the approximate if not the exact requirements of a given product for a given year in the planning and creation of manufacturing capacity.

Your Company is vitally interested in making projections of its own growth with the help of macro-projections of the demand for Mild, Alloy and Special Steels released by various Government and semi-Government agencies. During the last decade there have been several such macro-projections and I have had occasion in my earlier Statements to refer to these. The latest estimates of demand for Steel have come from NCAER. Most of the studies work out the potential demand with the help of the end-use method which is a simple but down to earth technique to assess the short-term as well as long-term demand in developing countries. The recent estimates of NCAER also utilise the same method. But I have always felt that on account of the lack of a clear perspective, both forward as well as backward, these projections have suffered from certain limitations and shortcomings. One particular fact that strikes me is that the latest macro-projections have not paid adequate attention to the question of backward perspective by which I mean that the wrong assumptions, paradoxes and other factors which have vitiated the earlier demand studies have not been listed nor have any lessons been drawn from the previous exercises.

In the latest study of the demand for Steel, the NCAER has taken full account of (a) all the major steel-consuming sectors, (b) requirements of such consumers, (c) increase in demand due to export of Steel, (d) Steel content of machinery and engineering goods to be exported, (e) possible reduction in demand due to substitution of Steel by items such as plastics, asbestos, cement, aluminium etc. in such products as motor cars, railway rolling stock, ship-building, pipes and tubes, (f) price elasticity of steel demand and (g) Steel content of imported products and so on.

The main assumption underlying the end-use method is firstly that the targets for various industries obtained from research organisations like the Planning Commission or those of NCAER itself, would be achieved. Experience tells us that this has not always been a correct assumption and plan targets for even the major steel-consuming sectors get elasticised. Also in several industries there have been shortfalls in respect of the attainment of targets. As you can see for yourselves, such shortfalls may result in over-estimation of the requirements. Conversely, where targets are exceeded, which is not often the case, the forecast of requirements

for a particular industry turn out to be under-estimates.

Secondly, the success of the end-use method is largely conditioned by the accuracy of the norms that relate the Steel Industry to the Steel consuming industry by indicating the input co-efficient. Such norms are known to change with technological progress and innovations and there have been several occasions in the past when estimates have gone haywire on account of unrealistic norms having been adopted. For instance, the norms employed by the Perspective Planning Division in its 1965 estimate of the requirements of Alloy and Special Steels have been replaced by the NCAER which has employed its own norms for various industries. The end-use method thus assumes that the impact of technological changes would be minimal, if not nil on the norms of consumption of Steel. Naturally to obtain more accurate figures at the end of such an exercise, the final estimates are adjusted upwards to provide for such findings of changes in various consuming sectors. In order to make the macro-projections meaningful for the producers to plan and expand their capacity, it is essential that norms are kept under review and at the end of every year or so the Associations of Consumers and Producers should get together and see that any significant changes in the norms are reflected in the demand figures and necessary adjustments and or corrections are made on the overall demand projections. By such an exercise, the year to year projection of demand would be rendered more realistic and would provide a workable basis to determine the gap between demand and availability.

Estimates of Demand for Alloy and Special Steels

With these considerations regarding the merits and demerits of the end-use technique in mind, let us consider the recent studies in demand estimates with special reference to the products of our own industry viz. Alloy and Special Steels. There have been as many estimates of demand for Alloy and Special Steels as there are for other Steels also. As against about 300,000 tonnes for 1973-74 and 430,000 tonnes for 1978-79, estimated by the Steering Group of the Steel Ministry in 1968 and incorporated in the Fourth Five Year Plan document, the latest study of the Council provides for 434,000 tonnes for 1975 and 817,000 tonnes for 1980.

The estimates of the Steering Committee as revised by the Technical Wing of the Steel Ministry have now become available. Accordingly the demand for Alloy and Special Steels has been revised upwards from 300,000 tonnes to 400,000 tonnes for 1973-74 and from 430,000 tonnes to 500,000 tonnes for 1978-79. What is of interest to your Company as a producer of Alloy Constructional Steel in these varying estimates is that for 1973-74 the estimates of both the Technical Wing and the NCAER arrive at almost the same figure, but for a difference of only about 2,000 tonnes. The marginal divergence however, turns out to be sizable in the estimates for the end of the Seventies. As against the Technical Wing's estimate of 178,700 tonnes for 1978-79, the Council places the demand for

Alloy Constructional Steel at 239,906 tonnes for 1980.

It is now accepted that the assessment of the Technical Wing has been rather conservative and that the Council's studies despite certain limitations, are more realistic. A message that emerges loud and clear from these studies is that even after the schemes for expansion or setting up of new units on green sites which are now under consideration are successfully implemented by the end of the decade, there would still be a gap, probably substantial rather than marginal between requirements and actual production.

All said and done, the numerous estimates referred to above need to be further processed and worked upon for purposes of drawing meaningful conclusions that guide us in deciding about future investments in the creation of new Alloy Steel capacity and in determining the ideal product-mix for your or other plants. The breakdown of such broad aggregates into categories, grade, shapes, surface finish i.e. black or bright etc. is a pre-condition for successful corporate planning. Quite a few snap judgements, I am afraid, have already been made based on broad aggregate demand resulting in duplication of capacity of the same size ranges. And circumstances may force us to amend them, if not reverse such decisions. In this context I would emphasise that before a final sanction is issued for creation of fresh capacity, adequate thought is given to the point whether such fresh capacity should come about through new units on green sites or through expansion of existing units or both. Three considerations weigh very heavily in favour of the second proposition. Expansion would firstly help creation of new capacity faster; it would involve lower capital investment; and finally what is important, it would help the existing units to achieve economies of scale.

Demand Estimates and MUSCO's Growth

The necessity of a precise assessment of the demand for Alloy Steel acquires special significance for MUSCO in view of the fact that, as indicated in the Directors' Report, so far the inflow of orders for our products for the current year has not been upto our expectations. In their anxiety to mitigate the steel shortage in the country, the Government liberalised the import policy and in the process large licences had also been issued for Tool, Alloy and Special Steels. With the liberalisation of imports coupled with the fact that recessionary trends continued to prevail in the offtake of Diesel Engines, Machine Tools, Spring Steels, Railway Wagons etc. the inflow of orders dropped considerably with the result that planning of economic rolling tonnage for different size ranges posed considerable problems to the producers. Pursuant to the representations made to the Government in this respect, I am happy to say that Import Licensing Policy has been reoriented, aiming at imports of only such of those categories and types of steels as are not available in adequate quantities in the country.

The impact of recent restrictions on imports will not be fully felt until the end of this year. At the moment, however, the order inflow appears to be looking up and

it is hoped this trend will grow more distinct.

Taking the long range aspect into account, it may be stated that the growth potentials of the Automobile Industry which accounts for a large part of the offtake of our products have not been fully realised owing to various reasons. Automobile production, inclusive of Jeeps, Cars and Commercial Vehicles put together in about half a dozen plants, does not exceed 90,000. This is a highly anomalous situation insofar as it is an accepted fact that there must be a minimum production of at least 50,000 units per plant if the economies of scale have to be realised. It should therefore, be hoped that the Government will come to certain positive conclusions about the small car project without further delay as this has kept a number of related considerations in suspense. The slow growth of the transport sector in general and the automobile industry in particular does not bode well for our industry and the tolls for quickening the rate of growth. In this context the recent reports about the likely establishment of a private sector small car plant with a capacity of about 50,000 cars per annum and the licensing of additional capacity for manufacture of commercial vehicles are doubly welcome.

Mini Steel Plants

In my Statement last year I had occasion to refer to the fact that the establishment of Electric Arc Furnaces with continuous casting facilities has received the imprimatur of essentially from the Government. Thereafter a lively interest has come to be evinced in this matter. In fact even the Ministry of Foreign Trade also has been credited with suggesting the setting up of Mini Steel Plants either on a captive basis to cater to the needs of particular engineering industries or on a decentralised basis, so that export production is not hampered due to steel shortage. The capacity of each mini steel plant has been placed at about 50,000 tonnes of billets a year using the concast process. They may have either sponge iron or scrap or pre-reduced pellets as the feed stock. Recently the Minister for Steel made it known that six mini steel plants had been licensed, four in the private sector, one in the joint sector and yet another in the public sector. And six more similar projects may get final sanction by 1974. All in all, the dozen or so new mini plants would augment the country's steel capacity by 600,000 tonnes by the beginning of the Fifth Plan.

Although a decision to permit establishment of mini steel plant is a step in the right direction, I think that before new projects are sanctioned the pros and cons of producing the mild steel and special steel in these plants with particular reference to the production cost aspect should be thoroughly looked into, so that they can meet squarely the competition from the integrated steel plants.

In the final analysis, it is high time that a master perspective plan for the speedy expansion of Steel capacity in the country is drawn up and Government and Industry jointly and single-mindedly work for the crystallisation of such plans. This exercise has to be preceded by clearer thinking about the future needs. Fortunately,

there is not much of a dispute in regard to the rapid development of the Steel Industry. The Prime Minister himself has acknowledged the fact that "the capacity for Steel making would have to be doubled every 10 years". In Japan the crude steel output itself is being doubled every 4/5 years from 7.6 million tonnes in 1953 to 10 million tonnes in 1956, to 23 million tonnes in 1960, 41.3 million tonnes in 1965 and 82.2 million tonnes in 1969. This year it may cross the 100 million-tonne mark.

Earlier there has been a reference to the need for forward and backward perspective in Steel planning. Steel planning in our country is now about 15 to 20 years old and the country has had considerable experience. Such experience is most invaluable at a time when the country is likely to be short of Steel during the entire decade of the Seventies. The time is now opportune for the numerous plans and estimates to be placed side by side, compared and our experience in this field consolidated so that the future exercises are spared of any past mistakes.

Feeder Industries

A corporate or industrywise perspective plan considers not only the market potential for a product but also the derivative demand for essential inputs to be supplied by the feeder and ancillary industries. Only such an assessment of the requirements and availability of raw materials would give meaning and content to the perspective plan. For instance one cannot plan the growth of Electric Furnaces without a careful and painstaking study of the supplies of raw materials that would be forthcoming from the feeder industries. The appreciable growth of the Electric Furnace Industry cannot be maintained even in the future unless supplies of the inputs match the growing needs. As of now, it is estimated that there are about 170 Electric Arc Furnaces with a hot metal capacity of about 2.05 million tonnes. Capacity utilisation has been estimated at about 70 per cent. This is likely to improve by another 10 per cent in the current year. The installation of Steel Furnaces could grow at a more vigorous rate but for the constraints in the form of raw material shortages. They are not unique to our industry but happen to be almost world-wide phenomena though there could be differences from country to country in regard to the magnitude of such shortages. Attention must therefore be paid to the feeder industries as also to their growth. These problems and constraints in regard to ferrous scrap, graphite electrodes, refractories, nickel, ferro-alloys etc. are not an easy matter to come to grips with. They make the task of planning the future growth of furnaces rather difficult.

Power Tariff

In these columns, during the earlier years I have been urging the Government of Maharashtra to re-structure the power tariff in the State in a way which will give certain tangible benefits to power intensive industries. Electric power is one of the basic inputs for producing Steel in Electric Furnaces. It is therefore necessary to revise the power tariff applicable to metallurgical industries in particular, with a view to giving a competitive edge to steel

produced within the State. With the same objective, States like Haryana, Kerala, MP, Mysore, Punjab and Rajasthan offer different kinds of concessions or rebates to electro-chemical and electro-metallurgical industries. It should be hoped that the Committee appointed by the Government of Maharashtra headed by the Industries Commissioner to enquire into this question would keep these facts in mind in as much as power costs will largely determine the growth prospects of metallurgical industry in Maharashtra. The State should aspire to have atleast 25% of the liquid metal capacity and this can only be achieved if the disincentive in the form of a high power tariff is removed.

Import Canalisation

A passing reference is also called for in regard to the canalisation of import of essential raw materials of our industry and its possible impact. According to the latest import policy, imports of graphite electrodes have been canalised through the STC, refractories and refractory materials through MMTC/HSL, ferro-molybdenum, ferro-tungsten, ferro-vanadium and ferro-silicon, stainless steel sheets, plates and strips, heavy melting scrap, sponge iron and nickel through the MMTC. It is provided that the import control authority would issue the necessary release orders to bulk importers.

I have had occasion to refer in the past to the increased faith the Government has been putting in State Trading. Ever since they were set up, State Trading agencies have not fared well in their effort to import in bulk several items including sulphur, rock phosphate, chemicals, copra, betelnuts, soyabean oil, etc. It is doubtful, looking at their past record, whether such agencies would literally deliver the goods of the right quality, at the right time and at the right price. There are enormous complexities attending upon such business especially in relation to the hundreds of specifications regarding quality, sizes, delivery periods, sources of supply and in short the dynamics of the world market. It should, therefore, be hoped that the normal production and growth of the Alloy Steel Industry is not jeopardised on account of the inconveniences that may be caused in the supply of indispensable raw materials.

Cordial Relations

Your Company has been able to maintain the most cordial and happy relations with its employees in the Plant as well as Head Office during the year under review and I would like to record my sincere appreciation of the hard and conscientious work put in by the employees. I would also like to express my gratitude to the colleagues on the Board whose wise counsel and advice has largely helped me to discharge my responsibilities. We continue to receive valuable technical assistance and co-operation from our Collaborators and Partners, Uguine Kuhlmann.

Note: This does not purport to be the record of the proceedings of the Eighth Annual General Meeting of the Company.

THE MONOPOLIES AND RESTRICTIVE TRADE PRACTICES ACT, 1969.

(General notice in pursuance of Rule 4A of the Monopolies and Restrictive Trade Practices Rules, 1970)

In terms of the Collaboration Agreement dated 15th January 1970 between The Arvind Mills Limited, Naroda Road, Ahmedabad-2 (hereinafter called 'Company') and M/s. National Distillers & Chemical Corporation, 99 Park Avenue, New York, U.S.A. a new company to be called The Arvind Petrochem Limited is under formation (hereinafter called 'Proposed Company') for the manufacture of Low Density Polyethylene Resins, near Koyali, Baroda (Gujarat State).

In our opinion the Proposed Company when established will not become interconnected undertaking with the Company. However,

as the Letter of Intent is issued to the Company and as the Company is going to subscribe in the equity capital of the Proposed Company to the extent not exceeding 40%, the Government of India, Department of Company Law Affairs, appears to hold *prima facie* the contrary view and hence we have made an application dated 13th May 1971 under Sub-section (2) of Section 22 of the Act to the Central Government, without prejudice to our submission that the provisions of the above Act are not attracted. The proposal relates to the establishment of the new company with the participation of the Arvind Mills Ltd., the applicant company.

The substance of our application is as under:—

1. Constitution of the Board of Directors of the proposed Company, The Arvind Petrochem Ltd. Three Directors will represent The Arvind Mills Ltd., Ahmedabad. The names of the Directors have yet not been finalised except that of Shri Kasturbhai Lalbhai, Pankore Naka, Ahmedabad.
The following three Directors will represent M/s. National Distillers & Chemical Corporation, New York, U.S.A.
1. Mr. K. E. Cosslet.
2. Mr. Tony Chong.
3. Mr. C. E. Trunkley.
Other Directors as may be further selected.
2. Article proposed to be manufactured. Low Density Polyethylene Resins by High Pressure Polyethylene process.
3. Annual Capacity. 40,000 M. Tonnes.
4. Existing units owned by the applicant company. Textile Mill.
5. Estimated outlay. Rs. 18 Crores.
6. Inter-connected undertakings. In our opinion the Arvind Petrochem Ltd. (Proposed Company) will not be interconnected with

any of the undertakings. The following companies are interconnected with the applicant company.

1. The Atul Products Ltd.
2. Cibatul Limited.
3. Ameer Trading Corporation Ltd.

7. Scheme of finance.

Equity participation.
Rs. 2.40 Crores (in foreign exchange) by M/s. N.D.-C.C., U.S.A.

Upto Rs. 2.40 Crores by the Arvind Mills Ltd.

Rs. 1.20 Crores by Indian Public.

Rs. 6.00 Crores total

Borrowings: (Foreign Exchange)

1. Rs. 1.36 Crores I.F.C. Washington.
2. Rs. 0.75 Crores I.C.I.C.I., India.
3. Rs. 0.75 Crores U.S. AID Funds, Washington.

Rs. 2.86 Crores total

The remaining Finance will be borrowed from P. L. 480 (Cooley Funds) and Indian Banks.

Any person interested in the matter may, if he so desires, intimate to the Central Government in the Department of Company Affairs within fourteen days from the date of publication of this notice, his views with regard to the proposal contained in our application and also the nature of his interest therein.

Registered Office :
Naroda Road,
Ahmedabad-2.
3rd June 1971.

S. M. PATEL,
SECRETARY.
THE ARVIND MILLS LTD.
PROMOTER.

REVIEWS

Our substitute labour

Employment, Output and Wages of the Substitute Labour: Jitendra L. Dholakia; Asian Thought Centre, Ahmedabad; Pages viii + 47, Price Rs 3

Do you know that the *badli* (substitute) workers in the Ahmedabad cotton textile mills get on an average 167 days of work in a year? Or that the average wages of a *badli* worker, in 1967-68, were Rs 120.15, as compared to the monthly wages of Rs 248.20 of a permanent worker? Or that the average *badli* worker carried a debt of Rs 1,566? Well, these are some of the interesting findings contained in the study under review, based on a survey of 549 workers in 26 cotton mills in Ahmedabad. Apparently there is nothing much wrong with the data presented—although there are several important omissions. It is in the interpretation of the data that the study has blundered egregiously. Here are a few instances:

Page 14 "In comparison to the wages and dearness allowance of the *badli* workers, the average monthly income of the permanent worker... is more than twice that of the substitute labour. The *badli* worker does the same kind of work as the permanent worker in the textile mill and yet there is a great disparity in the wages of these two categories of the workers. This is a glaring illustration of the unequal pay for the equal work"

Comment: The *badli* worker may be doing the same kind of work, but he does not do the same amount of work. By the very nature of his employment, the *badli* worker gets work only on days when a permanent worker is absent. How is the principle of equal pay for equal work violated if a *badli* worker works for half a month and gets half the total monthly wages of a permanent worker? As the author himself says, on page 9, a *badli* worker is not entitled to the fringe benefits of leave, provident fund and sickness insurance as he does not normally complete the qualifying number of 240 days of work in a year, but otherwise the wage rate remains the same for both the *badli* and the permanent workers. The author also says, on page 14, "one of the reasons for the low average income of the *badli* workers may be the lower period of employment." What could be the other reasons?

Page 15: "The *badli* workers could have got Rs 248 per month had they been given the permanent jobs in the textile industry, but they got on an average Rs 120 per month for the same kind of work... It seems, therefore, that wages of the *badli* workers were less than their average productivity... the fact that average product of the substitute labour is greater than wages only proves exploitation in the Marxian sense."

Comment: The same kind of work does not mean the same amount of work. Average productivity is not the same as the average product. As for exploitation in the Marxian sense, all labour is exploited under the capitalist system of production,

irrespective of the level of wages and the nature of employment.

Page 16-17: The average debt of the *badli* worker was Rs 1,566... the debt-income ratio was found to be as high as 13:1. The debt-income ratio is a measure of the economic burden of indebtedness."

Comment: This debt is described later in the same paragraph as a "crushing burden." Is it not reasonable to assume that the amount of debt is directly related to the debtor's credit-worthiness? And that the rate of default in repayment can be the only true index showing whether the debt is a crushing burden?

Page 19: "... the indebted households had to set aside about 6.40 per cent of their monthly income for the payment of interest charges to the various credit agencies"

Comment: If the average monthly income of a *badli* worker was Rs 120.15 as stated by the author, 6.40 per cent of the income should be equal to Rs 7.69, which means, on the average debt of Rs 1,566, a rate of interest of 0.49 per cent per month. Does this show the prevalence of "unconscionable rates of interest"? How can this be reconciled with the author's statement that 72.3 per cent of the total amount of loans was given by money-lenders and *Pathans* on high rates of interest "ranging from 37 per cent to 60 per cent (per annum)"?

Page 21: "The formula used for measuring productivity is as follows: Productivity of Labour = Value added - Number of workers."

Comment: If so, how could the figures, varying from 1,305 to 2,047, be arrived at in the table on the next two pages? If they refer to the year 1967-68, without reference to the man-days worked, the figures for *badli* labour with intermittent employment should have been considerably less than those for permanent labour employed regularly throughout the year. The table, on the contrary, shows that out of the 13 mills covered, *badli* labour was more productive in as many as eight mills. What are the policy implications of such a finding?

Page 25: "The result of this empirical study supports the hypothesis of positive association between high income and high productivity of the substitute labour force."

Comment: This statement refers to a table giving the rank correlation coefficients between the total monthly income and productivity of *badli* workers. The table shows a correlation coefficient of +0.98 for workers in the income group of Rs 200-250, while according to an earlier table given on page 13, no *badli* worker earned more than Rs 200. The correlation coefficient of +0.82 refers to workers in the income group of Rs 151-200, in which there were only 48 workers according to the earlier table. The rank correlation co-

efficient, moreover, is a crude measure, which does not inspire sufficient confidence to assert anything categorically regarding the relationship between income and productivity, especially on the basis of the limited data collected for the study.

The above are but a few of the errors and misinterpretations which abound in this small study. Besides, in the short span of 32 pages of the text, there are innumerable repetitions and pointless statements like: "It was interesting to find that one *badli* worker prayed for a propitious period of economic prosperity during the spell of unemployment." (pages 8-9)

The study refers neither to the number of years for which the workers interviewed had been working as *badli* labour, nor to the rates of absenteeism in the mills. There is also no mention of the decasualisation schemes for *badli* workers in the textile mills in other industrial centres or of the schemes covering dock workers in all the major ports.

—Federalist

IN BRIEF

Laghu Udyog Annual 1970: Edited by M. V. Panvalkar; Published by Maharashtra Small Scale Industries Development Corporation, Bombay; pages 382; price Rs 20.

The second number of this annual publication is devoted to a comparative study of the small-scale industries in advanced countries as well as under-developed countries. It contains many informative and perceptive contributions from eminent experts. Most of the contributors have written about the small-scale industries in their respective countries. These articles throw light on the size and characteristics of the small-scale industry in the different countries at various stages of development. The Maharashtra Small Scale Industries Development Corporation has rendered a valuable service by bringing out this Annual Number.

BOOKS RECEIVED

An Indian Economic Miracle and Other Essays: M. R. Pai; Popular Prakashan, 35C Tardeo Road, Bombay 34; Pages 180; Price Rs 16.

People's Victory—An Analysis of 1971 Elections: Edited by V. N. Malhotra; Pages 50; Price Rs 2. **Congress Marches Ahead—III:** Edited by V. N. Malhotra; Pages 154; Price Rs 3. Both are published by All India Congress Committee, (Camp Office), 15 Windsor Place, New Delhi 1.

The Past Year in Retrospect: Public Relations Department, Indian Oxygen Ltd, P-34 Taratala Road, Calcutta 53; Pages 72; Price not mentioned.

Consumer Preference Survey for Textiles in Uttar Pradesh: Prepared and published by the Market Research Division, Textiles Committee, 79 Dr Annie Besant Road, Bombay 18; Pages 238; Price Rs 10.

Marketing of Farm Products in India: Editor: Charanjit Chanaana; Marketing and Economic Research Bureau, New Delhi 48; Pages 96; Price Rs 20.

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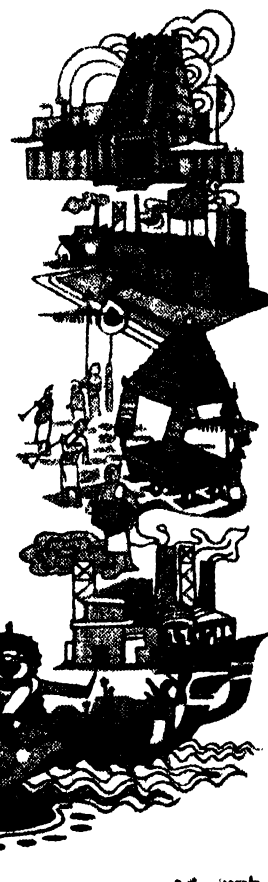
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HIGHER TURNOVER AND EXPORTS

Hindustan Lever fares well

HINDUSTAN Lever Ltd (Chairman: Mr V. G. Rajadhyaksha, Bombay) has reported a creditable performance for the year ended December 31, 1970. Sales rose to Rs 1192 crores from Rs 1088 crores in the previous year. The considerable increase in raw material costs could not be fully offset by the company under the existing controls on selling prices. As a result, profits dropped in spite of a rise in turnover. Thus, the gross profit of the company for the year was only Rs 65 crores (Rs 7.3 crores). The net profit, after depreciation and taxation, amounted to Rs 25 crores (Rs 2.7 crores). The dividend was maintained at 14 per cent payable on the enhanced capital. In the year under report, the ordinary paid-up capital of the company was raised to Rs 1445 crores from Rs 1156 crores by issue of bonus shares of Rs 289 crores in the ratio of 1:4.

The company's gross profit margin works out to 55 per cent against 67 per cent. The ratio of net profit to net worth comes to 127 per cent (142 per cent).

In the year under review, the factories maintained satisfactory quality standards and production levels, in spite of difficulties in the supply and quality of raw materials. Many new products were developed for full scale production, notably, the synthetic detergent bar "Run". New techniques for upgrading non-traditional oils were introduced.

In 1969-70, the oilseeds crop was an average one and prices soared to a higher peak than in the previous year in spite of imports of oils and fats by the Government. To reduce the pressure on the supply of traditional edible oils, greater use was made in soaps of local non-traditional oils such as neem, karanjia, kusum, rice bran and sal increased, while technological problems on the usage of these oils are being solved, difficulties of collecting the seeds continue to restrict availability.

The sharp increase in raw material and other costs was not reflected in the selling prices allowed to the soaps and detergents industry. This depressed margins on soaps, especially in the first half of the year. An inquiry into the cost of production of the soap industry has been undertaken by the Bureau of Industrial Costs and Prices. Increased sales of synthetic detergent powder and bar have helped to reduce the demand on oils for making soap. The company expects to obtain sufficient imports of the raw materials required for manufacturing synthetic detergents.

Sales of the company's toilet preparations in 1970 were encouraging and in particular "Signal" toothpaste and "Sunsilk" shampoo gained wider popularity. The margins on vanaspati shrunk further as a result of increased costs which could not be recovered under the price formula. The consumer offtake of "Anik" ghee and "Lever's Baby Food" showed considerable

increase over the previous year. The malted milk food market has become highly competitive and the company's brand "Astra" made less progress than expected. A promising start was made with the export of Hima range of food products to the UK and many other countries.

Steady progress was made in the growth of animal feed business and the range of products has been extended. To reduce imports and meet the rising demand from vanaspati manufacturers, the production of nickel catalyst was again increased.

Exports for the year rose substantially to Rs 4.78 crores from Rs 2.01 crores in the previous year. Special mention may be

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	12081.08	10078.67	9363.47	9154.00
Sales including excise duty	11020.00	10870.10	9258.75	8328.15
Other income	83.01	40.54	27.77	22.50
Stock adjustment (of finished goods)	+127.08	+58.03	+76.05	-196.65
Opening	654.15	590.22	522.27	718.92
Closing	785.78	658.16	590.22	522.27
Total expenses	11490.02	10250.81	8672.62	8541.92
Materials and stores	8706.85	7829.28	6522.70	6045.28
Salaries and wages	841.03	773.35	701.85	608.25
Excise duty	751.68	690.34	613.27	544.06
Other expenses	1042.08	957.21	834.80	743.43
Gross profit	650.41	727.76	690.85	612.04
Depreciation	102.08	89.88	85.23	78.20
Profit before tax	547.78	637.03	605.62	533.88
Taxation	296.00	303.50	316.80	297.70
Profit after tax	251.73	274.43	288.82	236.18
Write backs	..	..	14.77	..
Tax credits	..	32.50	21.80	12.28
Tax adjustments	5.80	..	23.88	0.05
Capital expenditure	11.01	9.93	48.99	69.97
Development rebate	18.00	22.00	22.50	18.30
Other reserves	31.87	90.10	53.79	64.31
Dividend	202.23	184.90	161.70	161.70
	(14%)	(14%)	(14%)	(14%)
Market prices of ordinary shares (in rupees)				
High	28.00	50.00	23.00	19.64
Low	21.24	21.00	18.00	17.60

made of the export of synthetic detergents valued at Rs 21 lakhs to the USSR through the State Trading Corporation.

The company is at present negotiating with the Punjab State Industrial Development Corporation and the Union Government regarding a fertiliser project in Punjab. It is also discussing with the Government a number of other projects. One such proposal submitted to Government is to build a factory in a backward area. During 1969-70, pilot plant facilities at the company's research centre were enlarged. The total capital expenditure incurred on research so far amounts to Rs 154 lakhs. □

Travancore Electro-Chemical Ind.

Sales of the Travancore Electro-Chemical Industries Ltd, Chingavanam, Kerala, for the year ended December 31, 1970 have slightly increased to Rs 1.12 crores from Rs 1.03 crores in the previous year. The net profit, after providing Rs 4.39 lakhs (Rs 20.42 lakhs including Rs 16.11 lakhs as arrears up to 1968) for depreciation amounted to Rs 24.18 lakhs

(loss of Rs 9.01 lakhs). A maiden dividend of 10 per cent has been declared on ordinary shares. An amount of Rs 12.75 lakhs has been transferred to the development rebate reserve and Rs 4.16 lakhs to the general reserve. The company has been granted recently a letter of intent

In the market

Polysteels (India) Ltd

POLYSTEELS (India) Ltd (Chairman: Viren J. Shah, Managing Director: Jasvantra P. Mehta; Registered Office: Bhavnagar, Gujarat) is entering the capital market on July 5 with an issue of Rs 32.50 lakhs in equity shares of Rs 10 each. The subscription list will close on July 15 or earlier but not before July 7. A sum of Rs 2.50 is payable on application and Rs 2.50 on allotment.

The company will be manufacturing mild steels, special steels, alloy steels, etc. Initially it will produce mild steel ingots/billets using electrical arc furnaces and continuous casting based on steel scrap as the principal raw material which is available locally. At present the company proposes to set up two arc furnaces with an installed capacity of about 50,000 tonnes of ingots/billets per annum. Inbuilt provision has been made for future expansion.

The total cost of the project is Rs 120 crores. This will be met by the present issue, capital already taken up by the directors and friends (Rs 27.50 lakhs) and loans (Rs 60 lakhs). Mukand Iron and Steel Works Ltd will be technical collaborators. The turnover of the company in the year ending June 30, 1972 is expected to be Rs 1.60 crores. On full production it is estimated at Rs 3 crores. The company expects to pay a maiden equity dividend for the year ending June 1972.

Roneo Vickers

RONEO Vickers India Ltd (Registered Office: 184 Jor Bagh, New Delhi-3) is offering for public subscription two lakh ordinary shares of Rs 10 each at par for cash to the total value of Rs 20 lakhs. The entire issue has been underwritten.

The subscription list will open on June 21 and will close on July 1 or earlier at the discretion of the directors but not before June 23. Applications for shares must be for a minimum of 50 ordinary shares or multiples thereof. An amount of Rs 2.50 per share is payable on application and the balance of Rs 7.50 per share will be payable in two or more equal calls. The company was incorporated in 1967. It manufactures and markets duplicating machines, franking machines and addressing machines. The company has declared a dividend of 10 per cent for the year ended November 30, 1970.

for the expansion of its capacity of calcium carbide from 10,000 to 15,000 tonnes per annum which will involve an expenditure of nearly Rs 25 lakhs. The company has also been granted a letter of intent for the manufacture of 1,000 tonnes of acetylene black. It has made collaboration agreement with a well-known Japanese firm. The project will cost nearly Rs 70 lakhs for capital equipments and buildings.

Company trends

Deepak Nitrite

A project to manufacture sodium nitrite and sodium nitrate will be launched shortly by Deepak Nitrite Ltd in technical collaboration with the Fertilizer Corporation of India. The Government has issued an industrial licence to this company for a capacity of 2,700 tons of sodium nitrite and 9,000 tons of sodium nitrate. The Fertilizer Corporation of India holds a letter of intent for a capacity of 1,000 tons of sodium nitrite and 3,000 tons of sodium nitrate. An estimate by the Ministry of Industrial Development has placed the requirements of the country by 1975 at 27,000 tons of sodium nitrate and 4,000 to 5,000 tons of sodium nitrite. Deepak's products are therefore expected to have a ready market and would also prove foreign exchange savers.

The company was originally promoted by Mr C. K. Mehta and Mr S. S. Agarwal as a private limited company. In view of the availability of raw materials in Gujarat, the plant will be located on a land measuring about 57,000 sq yards at Nandesari Industrial Estate, near Baroda. The project cost and outlay is estimated at Rs 130 lakhs. Deepak Nitrite is expected to enter the capital market next month with an issue of 250,000 equity shares of Rs 10 each and 15,000, 9.5 per cent redeemable cumulative preference shares of Rs 100 each. The entire issue is fully underwritten by various financial institutions and other concerns.

New issues

THE Government has given consent to nine companies to raise capital amounting to over Rs 3.23 crores. Five of them are to issue bonus shares totalling over Rs 2.61 crores and the amount of bonus shares ranged between Rs 1,31,545 and Rs 25 lakhs. The consents are valid for 12 months.

The Ashoka Mills Ltd, Ahmedabad, has been accorded consent to capitalise Rs 25 lakhs out of its general reserve and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio of one for every two equity shares held.

Audco India Ltd, Bombay, has been accorded consent to capitalise Rs 11 lakhs out of its general reserves and issue fully paid equity shares of Rs 100 each as bonus shares in the ratio of one bonus share for every two equity shares held.

Jayati Paper Mills Ltd, Bombay, has been accorded consent to capitalise Rs 4,96,500 out of its general reserves and issue fully paid equity shares of Rs 100

each as bonus shares in the ratio of one bonus share for every five equity shares held.

The Motor and General Finance Ltd, New Delhi, has been accorded consent to capitalise Rs 20 lakhs out of its general reserves and issue fully paid equity shares of Rs 10 each as bonus shares in the ratio of one bonus share for every four equity shares held.

The Cochin Electric Co (Pvt.) Ltd, Cochin, has been accorded consent to capitalise Rs 1,31,545 out of its free reserves and issue fully paid equity shares of Rs 10 plus Rs 5 each as bonus shares.

Jessop and Co, Ltd, Calcutta, has communicated to Government its proposal to issue capital of Rs 1.06 crores under clause 5 of the Capital Issue (Exemption) Order, 1969, in equity shares of Rs 100 each for cash at par. The proceeds are to be utilised for augmenting the company's working capital.

Sakti Sugar Ltd, Coimbatore, has communicated to Government its proposal to issue capital of Rs 25 lakhs under clause 5 of the Capital Issues (Exemption) Order,

1969, in equity shares of Rs 10 each for cash at par. The proceeds are to be utilised for financing the industrial alcohol plant.

Braithwaite and Co (India) Ltd, Calcutta, has been accorded consent to issue convertible debenture stocks in units of Rs 10 each in 8.5 per cent stocks. These stocks will be issued to the Industrial Development Bank of India Ltd, (Rs 24 lakhs), Industrial Credit and Investment Corporation of India Ltd, (Rs 20 lakhs) and Unit Trust of India (Rs 20 lakhs). The proceeds are for augmenting the company's working capital.

Oriental Coal Co Ltd, Calcutta, has been granted consent to issue capital of Rs 51,62,680 consisting of Rs 41,62,680 in equity shares of Rs 10 each and Rs 10 lakhs in 7.15 per cent redeemable cumulative preference shares of Rs 100 each free of company's tax subject to deduction of tax at source at the prescribed rate. These shares will be allotted to the shareholders of Bhowra Kankanee Collieries Ltd, as a result of the latter company's amalgamation with Original Coal Co Ltd, and sanctioned by the High Court of Calcutta.

The inheritors



...or the betrayed?

A shadow darkens the future of over 60% of India's children—yet not many people even know its name: protein malnutrition.

generation could be handicapped by malnutrition, how can we talk of equal opportunity for all?

What it means

Protein is the element in food that builds both body and mind. If children between 6 months and 5 years do not get enough protein they become physically stunted. Worse, their mental development may be affected. And protein later on cannot repair this damage. It lasts a lifetime.

What it forebodes

- *Economic ills—Adults below par, prone to illness, mean low productivity, wasted manhours.
- *Population problems—Malnutrition is the major single cause of infant deaths. High infant mortality encourages larger families.
- *Social injustice—When over two-thirds of the younger

Help.

Malnutrition is a hidden famine ...and so more dangerous. We must fight it on all fronts.

DEVELOPMENT PLANNERS must recognise that nutrition is an important pre-requisite to socio-economic development.

PRIVATE INDUSTRY must fulfil its social responsibility—low-cost nutritious foods are urgently needed.

- GOVERNMENT, BOTH CENTRAL AND LOCAL, must**
- *initiate developmental research
 - *rationalise distribution of scarce protein foods
 - *encourage the food industry with rational laws and licensing policies
 - *organise mass-scale relief programmes
 - *extend fortification of basic foods
 - *use mass communication for nutrition education



Inserted in the public interest by the Protein Foods Association of India

Brady & Morris Engineering Company Limited

BOMBAY

Speech of the Chairman, Mr. G. D. Morarka

FOLLOWING is the speech delivered by the Chairman Mr G. D. Morarka at the Annual General Meeting held on the 14th day of June, 1971:

LADIES AND GENTLEMEN,

I have great pleasure in welcoming you all to this 'Silver Jubilee' Annual General Meeting of your Company.

The Directors' Report and the Audited Accounts of your Company for the year

ended 31st December 1970 have been circulated and as is the practice, I shall with your permission take them as read.

It is a matter of satisfaction that the working result of the Company for the year 1970 was satisfactory both from the point of view of turnover and profitability. It is also significant that a greater profitability was achieved despite rising cost of material and labour by employing new production techniques and economising on cost of pro-

duction. Further thought is being given to introduce certain design changes in consultation with our Collaborators so as to enhance the ratio of profit.

I referred to in my last speech to the diversification and with this in mind negotiations are well in progress with a German Firm for the manufacture of medium and small size Bakery Machinery and with the assistance and co-operation of the Indian Investment Centre, we hope to be able to finalise the terms of collaboration. The Company has also received an Industrial Licence for the manufacture of Biscuit Plants and its ancillary machineries. Your Board is actively considering ways and means of obtaining orders for such plants.

After strenuous efforts we have been able to persuade the Government to accept a reduction in the quantum of Know-how paid to our Collaborators Herbert Morris Limited, in view of the abridged collaboration activities and the same has now been adjusted at Rs 1 lakh. In other words the Company's Foreign Collaborators Herbert Morris Limited, have been asked to subscribe in Sterling for 1,000 Shares already allotted to them against the earlier appropriate sanction of the Government. The consequential effect of this would be that the figure shown under the head 'Technical Know-how' will be reduced to Rs 1 lakh.

It is also a matter of gratification for me to mention that we have made a few units of 'Morris' Electric Hoist Block which we hope to be able to market during latter part of this year.

During the year 1970 we have surrendered the land at Badlapur leased to the Company by MIDC as the abridged activities can now be carried out at the existing premises. By the same token proceedings have been lodged against the Vendors in respect of the land at Borivli agreed to be conveyed to the Company on the grounds of their failure to provide marketable title.

This being a Silver Jubilee year your Directors keeping in mind the interest of the Shareholders have thought it advisable to pay a Dividend of Rs 8 per Share subject to the deduction of tax.

You will be naturally interested to know the prospects of the Company's working for the current year. As things stand at the moment we are hopeful of maintaining the same results as last year provided of course nothing untoward happens during the year. It is needless for me to mention that your Directors will do their utmost to obtain the optimum possible results.

I must also take this opportunity on this Silver Jubilee year of placing on record the valuable services rendered by the Company's Chief Executive Mr M. J. Engineer who has been associated with the Company right from its inception but for whose zeal and enthusiasm the Company would not have been able to show satisfactory progress. Let me also express my thanks to my colleagues on the Board as well as those associated with this Company as executives, officers and technicians and last but not the least the staff and workers for their co-operation and assistance.

I would now move the Resolution for adopting the Accounts and would be happy to answer any query that may be raised.

(This does not purport to be a record of the proceedings of the annual general meeting.)

PARI ATMARAM MANEKLAL

COTTON COMMISSION AGENT

MANEK CHOWK, AHMEDABAD-1.

Gram:

"PRAMUKH"

Phone:

Office : 51248

Resi. : { 6727
6654
6750



BRANCHES :

BROACH, SURAT, UJJAIN, BOMBAY,
MANAVADAR, DHRANGADHRA,
SURENDRANAGAR.



OTHER CONCERNS :

Shree Manavadar Cotton Pressing Factory, Manavadar
M/s. N. Jayantilal, 3A, Dev Ashish, Bombay-26
Shri Ama & Co., Shahibaug, Ahmedabad-3

EQUITIES

Tata Steel moves up

BOMBAY, June 16.

DESPITE an attempt at recovery at the start, equities over the week fell back on lack of fresh support and closed on a quietly steady note. The volume of business was also restricted to four sessions. The market had no encouraging news to go by but the announcement by Tata Steel that it was maintaining its dividend at Rs 8.60 per share did help to steady the market. Dalal Street also drew some comfort from the withdrawal by the Union Finance Minister of the levy on maida and of additional excise on coarse cloth and reports that the World Bank had recommended to the Aid India Consortium substantial aid to this country to help maintain the tempo of economic development.

For the market it was encouraging that, despite the escalation in costs, the gross profit of TISCO had showed an improvement of Rs 5.76 crores at Rs 30.27 crores with sales moving up from Rs 144.37 crores to Rs 150.75 crores. The net profit after providing for higher depreciation of Rs 16.10 crores (Rs 13.19 crores) and taxes Rs 6.70 crores (Rs 5.20 crores) was also higher at Rs 7.47 crores (Rs 6.12 crores). Even then the company had to draw upon reserves to the extent of Rs 90 lakhs (Rs 1.38 crores) in order to pay the ordinary dividend of Rs 8.60 per share, Rs 9 on first preference share, Rs 7.50 on second preference share and Rs 7.50 on 'A' second preference shares, which together adds up to Rs 5.27 crores. The results were greeted with a modest improvement of 50 paise in the share to Rs 105 and in late deals on Wednesday, the share was quoted still higher at Rs 106.

All leading textile scrips were subdued. Rayon shares were easy on reports that an accord was likely to be reached between the Government and rayon spinners on fixing lower prices for tyre cord. The easy tone in textiles affected dyestuffs, whose fortunes are linked with cotton textiles, and as a result dyestuffs were marked down.

Changdeo Sugar proposed bonus shares issue on a one-for-four basis. Indian Metals and Ferro Alloys reported excellent results for 1970, with 100 per cent increase in gross profit and higher sales.

The Chairman of Polyolefins Industries—Mr Arvind Mafatlal—said that the company will start paying dividend from 1972, and expected the 1971 working to be better. Baroda Rayon also reported good results, and maintained the equity dividend.

In cash scrips, there were some bright spots. Chowgule Steamship shot up to Rs 145 on interested buying. MICO improved on hopes of Government's approval both for its substantial expansion and the issue of bonus shares. Bajaj Auto was firm and spurred on talks that the company has received licence for expansion of scooter capacity. Garware Nylons was a feature and shot up by over four points.

THE WEEK'S PRICE RANGE

	Closing quotations 9-6-1971	High	Low	Closing quotations 10-6-1971		Closing quotations 9-6-1971	High	Low	Closing quotations 10-6-1971
FORWARD					Miscellaneous				
Textiles					Rs.				
Ahm. Advance (100)	206.00**	—	—	206.00**	Bombay Burnmah (25)	45.75**	46.00	45.50	46.00**
Bombay Dyeing (25)	107.00**	—	—	107.00**	Hindustan Motors	45.50**	11.65	11.20	45.50**
Central India (50)	39.25**	38.50	38.00	39.00**	Indian Copper (2 1/2)	11.56**	3.80	3.78	11.56**
Century (100)	41.00**	42.00	41.00	42.00**	Premier Automobiles	14.58**	58.00	52.00	14.58**
Dawn (50)	45.50**	—	—	45.50**	Pro. Construction	3.78**	124.00	123.00	3.78**
Elphinstone (50)	800.00**	870.00	807.00	870.00**	Shivrajpur (10)	63.00**	—	—	63.00**
Finlay (100)	850.00**	—	—	850.00**	Sirpur Paper (10)	12.20**	12.32	12.24	12.20**
Gokak (100)	157.00**	157.00	156.00	156.00**	Tata Oil (25)	11.24**	72.50	71.00	11.24**
Gwallor Rayon (10)	37.50**	37.50	36.85	37.00**	W. Coast Paper (100)	220.00**	224.00	219.00	220.00**
India United Ord. (10)	1.21**	1.28	1.22	1.20**	Winnco (100)	167.00**	162.00	151.00	167.00**
Khatana (100)	157.00**	156.00	156.00	156.00**	CASH				
Kohinoor (100)	225.00**	228.00	221.00	223.00**	Textiles				
Morarjee (100)	283.00**	283.00	140.00	255.00**	Baroda Rayon (100)	122.00	122.00	116.00	122.00
National Rayon (100)	525.00**	492.50	488.50	525.00**	Bradbury (50)	47.00	—	—	47.00
Phoenix (100)	71.00**	70.00	67.00	71.00**	Century Roka (100)	240.00	345.00	341.25	240.00
Podar (10)	10.80**	—	—	10.80**	Gold Mohur (100)	134.00	134.00	130.00	134.00
Shreenivas (100)	123.00**	124.00	123.00	123.00**	Indian Rayon (100)	78.00	78.00	72.00	78.00
Simplex (50)	100.00**	100.00	98.50	99.00**	Lakshmi-Vishnu (100)	80.00	80.00	78.00	80.00
Standard (100)	672.50**	675.00	669.00	672.50**	Mafatlal (100)	281.25	285.00	280.00	281.25
Svadeshi (100)	133.00**	139.00	132.50	131.00**	Modella Woolen (10)	9.24	9.38	9.12	9.24
Swan (100)	152.00**	130.00	125.00	150.00**	Raghuvanshi (100)	92.50	92.50	91.00	92.50
Tata Mills (25)	34.50**	28.75	28.00	34.50**	Ramchand Woolen	20.00	20.00	19.52	20.00
Electric					Shree Ram (100)	82.00	—	—	82.00
Ahmedabad (100)	100.25**	125.00	99.70	107.50**	S. I. Viscose (100)	173.00	178.00	171.00	173.00
Andhra Valley (100)	145.00**	145.00	143.00	143.00**	Western India (250)	167.50	—	—	167.50
B. Suburban (100)	121.00**	121.00	120.50	120.00**	Insurance				
Tata Hydro (100)	144.00**	—	—	144.00**	British India (10)	17.24	—	—	17.24
Tata Power (100)	144.75**	145.00	143.00	143.75**	Indian Mercantile	77.00	—	—	77.00
Steel					New Great (25)	89.50	—	—	89.50
Indian Iron (10)	11.60**	11.66	11.24	11.54**	New India (15)	37.00	37.25	36.75	37.00
Mukand (10)	21.00**	22.24	21.12	21.00**	Vulcan (10)	15.12	—	—	15.12
Tata Steel (75)	103.75**	105.25	103.50	103.50**	Electric				
Engineering					Amalgamated (10)	10.08	10.12	10.04	10.08
Alcock (100)	44.50**	—	—	44.50**	Surat (100)	126.00	126.00	125.00	126.00
Cooper (100)	56.50**	56.00	51.50	56.00**	Cement				
Larsen & Toubro (10)	24.88**	25.00	24.21	24.52**	Myore Cement (10)	17.16	—	—	17.16
Tata Eng. & Loco	237.50**	243.50	237.50	241.50**	Saurashtra Cement	178.75	—	—	178.75
SLM—Mankali (100)	227.25**	237.50	271.25	227.50**	Paper				
Volta (100)	217.00**	220.00	217.00	217.00**	Andhra Paper	136.00	—	—	136.00
Dyes & Chem.					Anil Hardboards	72.50	—	—	72.50
Amar Dye-Chem.	210.00**	212.50	210.00	210.00**	Jayant Paper (100)	118.75	118.75	117.50	118.75
Indian Dyeing (100)	301.00**	302.50	299.00	302.00**	Lohit (100)	118.00	120.00	117.00	118.00
Polychem (50)	135.00**	136.00	134.00	135.00**	Steel Metals				
Tata Chemicals (10)	80.50**	80.50	29.75	80.50**	Ferro Alloys (100)	106.00	110.00	107.50	106.00
Shipping					Hind Aluminium (10)	85.50	80.25	35.50	85.50
Great Eastern (10)	37.00**	38.00	37.00	37.00**	Khandewal Ferro	150.50	150.50	149.00	150.50
Scania (20)	25.50**	21.04	20.72	25.50**	Engineering				
Cement					Associated Bearings	286.00	286.00	285.00	286.00
A.C.C. (100)	132.50**	133.00	132.00	132.50**	Hind Tractors (100)	80.00	—	—	80.00
Orissa (10)	18.00**	18.20	18.00	18.12**	Jyoti (100)	120.00	—	—	120.00
Shree Digvijay (100)	182.00**	157.00	158.00	182.00**	Kirloskar Oil (10)	14.78	14.78	13.48	14.78
Sugar					Mahindra (100)	14.12	14.12	13.68	14.12
Belapur (50)	44.50**	—	—	44.50**	New Standard (100)	111.00	110.00	108.00	111.00
Maharashtra (50)	38.00**	99.50	98.00	38.00**	Randwick Asia (100)	281.00	—	—	281.00
Phaltan (50)	91.50**	83.00	79.00	91.50**	T. Maneklal (100)	880.00	880.00	870.00	880.00
Walchandnagar (100)	105.00**	66.00	64.50	105.00**	Zenith Steel (10)	19.24	19.88	19.28	19.78
Cables & Elec.					Chemicals				
Asian Cables (100)	78.00	79.00	78.00	78.00	Bayer (India) (100)	253.00	250.00	252.00	253.00
Crompton Greaves	212.50	—	—	212.50	Chem. & Fibres (10)	44.25	44.50	44.00	44.25
Mahendra Elec. (100)	110.00	110.00	109.50	110.00	Colour-Chem. (100)	252.50	251.25	245.00	252.50
Standard Batteries	210.00	210.50	208.75	210.00	Nat. Organics (100)	225.50	224.00	227.50	225.50
Chemicals					Pfizer (10)	83.00	89.00	88.25	83.00
Bayer (India) (100)	253.00	250.00	252.00	253.00	Polyolefins Ind. (100)	241.00	248.90	240.30	241.00
Chem. & Fibres (10)	44.25	44.50	44.00	44.25	Sandoz (10)	18.88	19.00	18.78	18.88
Colour-Chem. (100)	252.50	251.25	245.00	252.50	Synthetics (100)	168.00	173.00	167.00	168.00
Nat. Organics (100)	225.50	224.00	227.50	225.50	Miscellaneous				
Pfizer (10)	83.00	89.00	88.25	83.00	Camphor & Allied	237.00	237.00	225.50	237.00
Polyolefins Ind. (100)	241.00	248.90	240.30	241.00	Coat Tyres (100)	265.00	205.00	200.00	265.00
Sandoz (10)	18.88	19.00	18.78	18.88	Fibre Glass (10)	15.25	15.00	14.60	15.25
Synthetics (100)	168.00	173.00	167.00	168.00	Gammion India (10)	5.32	5.24	5.12	5.32
Miscellaneous					Hindustan Lever (10)	21.52	21.70	21.24	21.52
Camphor & Allied	237.00	237.00	225.50	237.00	Killiney Nixon (100)	95.00	—	—	95.00
Coat Tyres (100)	265.00	205.00	200.00	265.00	Motor Industries (100)	430.00	446.25	427.50	430.00
Fibre Glass (10)	15.25	15.00	14.60	15.25	P. Magnets (100)	170.00	160.00	165.00	170.00
Gammion India (10)	5.32	5.24	5.12	5.32	W. H. Brady (150)	180.00	—	—	180.00
Hindustan Lever (10)	21.52	21.70	21.24	21.52					
Killiney Nixon (100)	95.00	—	—	95.00					
Motor Industries (100)	430.00	446.25	427.50	430.00					
P. Magnets (100)	170.00	160.00	165.00	170.00					
W. H. Brady (150)	180.00	—	—	180.00					

* Ex-dividend.

† Cum-right.

‡ Ex-right.

** Business for Hand Delivery.

†† Squaring up deals.

Note: Figures within brackets indicate the paid-up value of shares.

Wherever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

COMMODITIES

Mixed trend in spot cotton

BOMBAY, June 16

A mixed trend prevailed in the spot cotton market during the last week with limited deals passing. Such of the varieties which tended to rule firm did so on occasional desperate bids by stray spinners to obtain the specific lots. The sellers, in the circumstances, had their own terms. On the whole, the volume of business tended to remain inconsequential.

Reports from upcountry centres indicated that the farmers were rather anxious at the absence of rains in most of the cotton growing tracts during the greater part of the week. The break in the monsoon necessitated a stoppage of sowing operations or a halt in the preliminary preparations for sowing.

In the import section interest was confined to stray lots of American and Sudanese cotton in the main. There was a modest improvement in the volume of business. Importers are generally awaiting the

developments following negotiations held in Moscow regarding the supply by Russia of Sudanese cotton against equivalent Indian cloth for the Russian consumers. On the export front, very little business of note was reported in Bengal Deshi.

The following has been the trend of prices of some of the leading varieties

(Rs per candy)

	For the week ended June 16	For the week ended June 9
Khandesh ..	2,300	2,300
Berar AK average	1,700 1,900	1,700 1,900
Berar AR Good	2,200 2,250	2,200
Digvijay Dabholi	3,225	3,175
Berar L 147	2,100 2,500	2,700
Manavadar CO 2 ..	2,750	2,750

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POST OFFICE RECURRING DEPOSIT

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CERTIFICATE (IV ISSUE).

Old Rate (p. a.)	New Rate (p. a.)
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4%	4½%
4½%	4½%
5½% to 6½%	6% to 7½%
6½%	6½%
7½%	7½%

For details, please ask your nearest Post Office or write to the Regional Director, National Savings of your State.

NATIONAL SAVINGS ORGANIZATION



40/70/644

YARNS LOOK UP

BOMBAY, June 16

Yarns scored further gains in the week under review. Art silk yarns improved during the week due to short supply in the wake of more demand, especially from upcountry centres. There were inquiries from Amritsar. Staple fibre yarns also looked up. Cotton yarns were steady.

In the art silk yarns section, 150D National improved by 46 paise to Rs 18.52. 120D put on 12 paise to Rs 19.72. 150D Bright Century spurted by 51 paise to Rs 18.45. 120D was 1 shade higher at Rs 19.62. 100D Bright South India gathered 13 paise to Rs 23.15. Staple fibre yarns (2 x 34 nF) spot Kiran put on 18 paise to Rs 11.75.

JUTE GOODS IMPROVE

CALCUTTA, June 15

Good demand both on overseas and internal accounts, raised the prices of jute goods during the past week but raw jute prices were unchanged, though tully firm. At long last, load-shedding ended, but in the past week mills could not operate to the extent possible in view of large absenteeism among workers. Prices gained and it was not yet possible for mills to indicate that they would be able to operate to meet demand in full. In this connection the inadequate allotment of wagons for raw jute movement and the irregular services provided by the Eastern Railway have become matters of considerable anxiety to the mills industry.

In the past week, considerable business was done in sacking for internal consumption. Overseas buyers also lifted substantial quantities but only against spot and near-delivery positions. However, it has now become very clear that Bingle Desh would be out of the export market for a long time to come. The US buyers covered their immediate needs. Both Turkey and Burma figured in good inquiries. The demonetisation by Pakistan of Rs 500 and Rs 100 currency notes had its share in raising the prices of goods but reports of an imminent devaluation of the Pakistani rupee would appear to have been dismissed by the trade as of no consequence in view of Pakistani inability to export jute goods. The raw jute crop in East Bengal, reports from the border indicate, would be one of the lowest in recent years. Such of the cultivators as have out-lived cholera and eviction are reportedly preferring to grow paddy instead of raw jute. This also strengthened Calcutta goods, although it was realised that in the interests of increased exports the rise in price would be detrimental. Hessian 40" 10 oz gained from Rs 98.50 to Rs 103.50, and B twills from Rs 267 to Rs 270.50.

With good weather reports, raw jute prices should have normally declined, but the slow movement of the remnants of the old crop because of wagon shortage led to firmness, with Assam bottoms quoting at Rs 59 per maund, daissee bottoms at Rs 60.50, and northern bottoms at Rs 57. The bullishness in goods encouraged stockists to be reserved.

OILSEEDS IRREGULAR

BOMBAY, June 16

Irregular price movements characterised trading in oils and oilseeds. With the onset of the monsoon, there was a tendency to liquidate holdings. But buyers from Delhi and Calcutta came to lend fresh support to the market. Price movements were restricted and depicted no definite trend. In groundnuts, dry weather in the producing areas induced a firm sentiment and prices improved. Arrivals were also limited.

Castor seeds improved owing to the changed sentiment for oilseeds. Futures were firm in line with the firmness in spot section. Arrivals in Gujarat were considerably lower. Gujarat, UP and Bihar, the main producing centres, were bullish.

Linseeds were also firm in line with the general tendency. The September contract opened, but there was no notable business. Cottonseeds improved on oilcakes export busi-

ness of about 20,000 tonnes from Saurashtra and prices ruled steady.

Comparative prices in rupees were

Item	9 6 1971	16 6 1971
Castor June	120 75	130 75
Castor September	130 00	132 25
Linseeds July	160 75	165 50
Linseeds September	160 75	164 00
G. Nuts Khandesh	193 00	194 00
G. Nut oil	40 80	40 90
Castor Madras Small	130 50	134 00
Castor Comm. oil	27 75	28 25
Castor B.S.S. oil	30 25	31 00
Linseeds Bold	154 00	162 00
Linseed oil	35 50	36 25

FAIR DEMAND FOR TEA

CALCUTTA, June 15

The price trend in the past week's export auction was mixed, due to the expectation of a larger crop. With no fiscal relief, the tea industry is now left with no alternative but to make good the increased costs by higher output. Ceylon is likely to have a lower crop as a result of the insurrection there and West Pakistan which used to depend on Bangla Desh for its supplies may have to look elsewhere. These factors have led to the hope that India would be able to make use of the full export quota.

Leaf on offer at Sale No 10 held on June 8 totalled 36,372 packages including a small quantity from the old season. Demand was fair. Orthodox broken and the few brighter lines were readily absorbed at firm rates, but fannings eased. Plain CTC broken were about firm, but others eased. The few brighter teas were steady. All CTC fannings eased, but the improved types were sold well. The quotations in rupees per kg inclusive of excise duty were good Assam BOP 8 to 9, medium Assam BOP 7 to 7.40, clean plain pekoe 7 to 7.50, low Assam BOP 6.50 to 7, medium CTC BP 6.20 to 6.40, Dooars BOP 6.20 to 6.50, plain CTC BP 6 to 6.20, medium CTC fannings 5.30 to 5.50, plain CTC fannings 5.20 to 5.40, medium Assam OF 5.60 to 5.80 and low Assam OF 5.40 to 5.80. Others were unquoted.

Dusts offerings totalling 12,869 chests met with lower demand and eased. No quotations were issued in view of the limited quantity. Legg-cut and all CTCs with the exception of a few brighter lines eased.

FOODGRAINS DIVERGENT

BOMBAY, June 15

The prices of foodgrains in the local market showed a divergent trend during the past week. Whereas the prices of foodgrains declined those of pulses increased. In cereals, the prices of wheat (pissi) declined by Rs 2.50 to Rs 83-87 per quintal on account of increased arrivals. The off-take was also good at around 9,000 bags per day. In coarse grains, bajra (superior variety) at Rs 68-75 per quintal showed a modest fall of Rs 2 owing to the increased arrivals from the producing centres. Following the small arrivals of new crop maize continued to rule steady at Rs 73 per quintal.

In pulses, gram (Punjab) moved up by Rs 3 to Rs 90-92 per quintal on account of good demand by millers. Urad (Khandesh) also firmed up by Rs 5 to Rs 155-165 per quintal owing to short supply. Tur (Berar white) at Rs 125-130 per quintal showed a rise of Rs 3 on account of good buying support. The stock of moong (Chinai) has now been exhausted. However, the prices were quoted at the previous week-end level of Rs 250-300 per quintal.

SUGAR RISES

BOMBAY, June 15

For the second week in succession, the prices of sugar (C-30) in the local market at Rs 193-194 per quintal recorded a rise of Rs 2. This was attributed to higher ex-mill rates and better off-take. Today the arrivals were 3,000 bags against the off-take of 4,000 bags.

METALS GAIN

CALCUTTA, June 15

Prices of non-ferrous scrap scored marked gains in the past week due to the new import duty. Although authoritative information is lacking, it was stated that the levy is in addition to the countervailing customs duty of Rs 1,500 a tonne on copper, and Rs 500 each on

zinc and lead. These two levies, coupled with the third levy on non-ferrous semis such as copper and copper alloys strips and pipes and tubes and zinc sheets would mean that the Government would claim almost half the price of these metals.

The scarcity of the primary aluminium metal raised the price of scraps with the utensil scrap moving from Rs 500 to Rs 520 and sheet cutting scrap from Rs 520 to Rs 530 per quintal. In registered a smart gain of Rs 200 at Rs 5,000. Electrolytic zinc at Rs 500 added Rs 30 and virgin lead forged ahead from Rs 465 to Rs 500. Both lead and zinc scraps also recorded sizable gains and the galvanising industry is being compelled to revise quotations submitted prior to the Budget day. Brass scraps added Rs 10 with honey quality quoting at Rs 1,010 and utensil scrap at Rs 980. At Rs 1,410 and Rs 1,500, utensil copper scrap and clean wire scrap advanced by Rs 60 each.

SILVER FIRM, GOLD EASY

BOMBAY, June 16

A divergent trend prevailed in the local bullion market during the past week. Silver gained further ground during the week due to paucity of floating stocks. The improved demand from up-country centres such as Delhi also pushed up prices. Gold however eased due to

more arrivals in the wake of slack demand. Sovereign was fully maintained.

Silver (996 fineness) commenced trading Rs 2 higher at Rs 494.50. It improved further in the subsequent sessions and wound up the week at Rs 597 today. The net gain over the week being Rs 4.50. Silver weekly delivery was mentioned at between Rs 533.50 and Rs 595. The weekly average arrivals and off-take of silver aggregated 47 bars and 37 bars respectively.

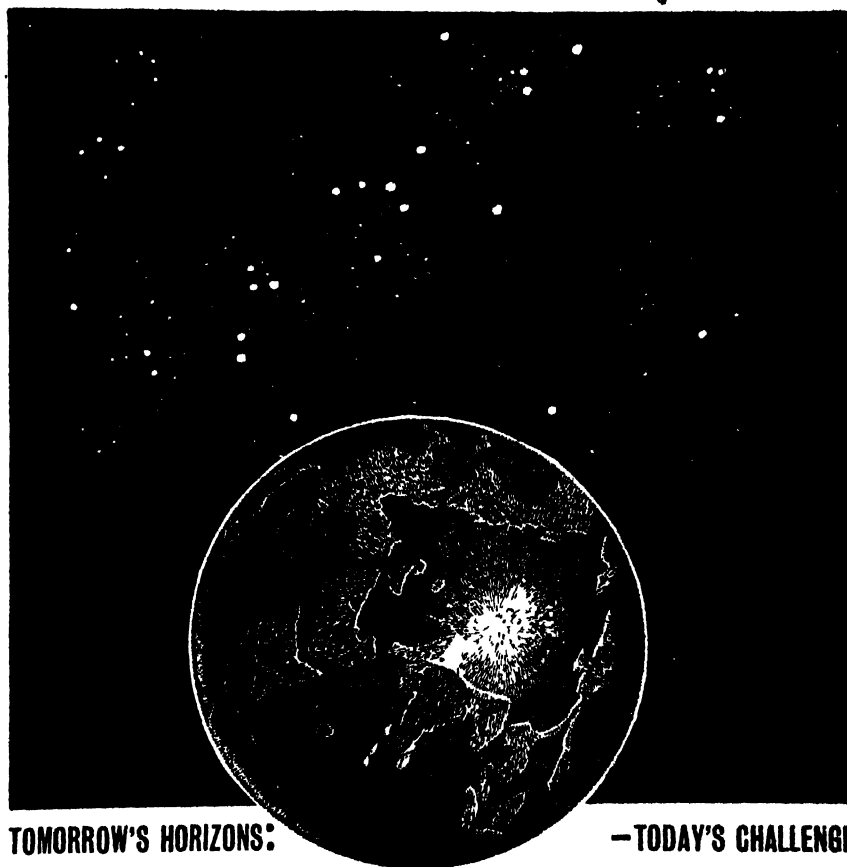
Primary gold in unofficial trading began at last week's closing level of Rs 190 but receded in the following session. It closed at Rs 187 today, with a net loss of Rs 3 over the week. Standard gold in official trading commenced Rs 1.75 lower at Rs 197.75 and about steady at that level. It wound up at Rs 197 today, the net loss over the week being a rupee. Sovereign was fully maintained at Rs 174.

MONEY UNCHANGED

BOMBAY, June 16

Conditions remained unchanged in Bombay's short-term money market in the past week. The call rate ruled at 4½ per cent. In Calcutta, renewals were done at 4½ per cent. In Madras the inter-bank call rate was quoted at 4 per cent.

During the week ended June 4, foreign exchange reserves of the Reserve Bank of India declined by Rs 8.39 crores to Rs 368.58 crores.



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While foreign securities came down by Rs 25 crores to Rs 278.42 crores, balances held abroad increased by Rs 16.61 crores to Rs 90.16 crores. Notes in circulation expanded by Rs 55.11 crores to Rs 4,424.77 crores.

Week ended June 4 recorded a rise of Rs 11.76 crores at Rs 4,719.28 crores in the total credit made available by scheduled commercial banks. Aggregate deposits rose to Rs 6,111 crores from Rs 6,079.61 crores.

Notices

THE BRITANNIA BISCUIT COMPANY LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE Fifty third Annual General Meeting of the shareholders of the Britannia Biscuit Company Limited will be held at the Committee Room No 2 of the Bengal

Chamber of Commerce and Industry, 6, Netaji Subhas Road, Calcutta-1, on Friday the 9th July, 1971, at 10.00 a.m. to transact the following business:

- 1 To receive and consider the report of the Directors together with the Profit and Loss Account for the year ended 31st March, 1971, and the Balance Sheet as at that date and the report of the Auditors thereon
- 2 To declare dividends.
- 3 To appoint a Director in place of the Director retiring
- 4 To appoint Auditors and fix their remuneration

SPECIAL BUSINESS

- 5 To consider and, if thought fit to pass with or without modifications, the following resolution -

(i) As an ordinary resolution

RESOLVED that pursuant to

Section 294 of the Companies Act, 1956 the Company hereby approves of the appointment of The Exchange Stores of 13, Alipur Road Delhi-6 as the Sole Selling Agents and Distributors in the Delhi area in respect of bread and cakes made by the Delhi factory for a period of three years with effect from 1st April, 1971, on the terms and conditions set out in the draft letter of appointment laid before this Meeting and initialled by the Chairman thereof for the purpose of identification

The registers of the members of the Company will be closed from 24th June to 9th July, 1971, both days inclusive and warrants for such dividends as may be declared will be issued directly to the registered shareholders or their mandatories whose names appear in the Company's books on 9th July, 1971, on or after 21st July, 1971

By Order of the Board
N C CHAUDHURI
Director & Secretary

Registered Office

15, TARATOLA ROAD,
CALCUTTA-53

11th June, 1971

Note (1) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and, on a poll, to vote instead of himself and the proxy need not be a member of the Company.

(2) The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out above is annexed to the Notice of the Annual General Meeting posted to the members

THE STANDARD MILLS COMPANY LIMITED

Registered Office.

Mafatlal House,
Backbay Reclamation,
BOMBAY-20 BR.

NOTICE

To

THE HOLDERS OF 7½% CONVERTIBLE BONDS OF
THE STANDARD MILLS COMPANY LIMITED

THE HOLDERS OF 7½% CONVERTIBLE Bonds of the Company desiring to avail of the option of converting their bondholdings into Equity Shares as per the terms of the issue of the said Bonds should, between 1st July, 1971 to 15th December, 1971 surrender their Bonds and notify the Company their decision in the Form posted to individual Bondholder under cover of the Circular Letter dated 13th May, 1971.

By Order of the Board,
P. S. KANUNGO
Secretary.

BOMBAY

13th May, 1971.

*A dream
today,
a reality
tomorrow*

Today at Mithapur, young India, conscious of the past, urged on by the present, confidently dreams of a glorious tomorrow.

Their immediate dream is of a new complex—massive, self-sustaining, long-range and innovative—harnessing the sea, the sun and ultimately the atom to banish hunger from their land and to generate greater economic self-sufficiency, more and more independence.

There is a beginning but there is no end to the work of bringing purposeful prosperity to the people of India. Harness the sea, the sun, the atom and from Okhamandal—the land of salt—fertility will flow to the entire country.

TATA CHEMICALS LIMITED



Alembic Glass Industries Limited

BARODA

Chairman, Shri R. B. Amin's Speech

THE following is the speech of Shri R. B. Amin, Chairman, Board of Directors, at the 26th Annual General Meeting of the Company held on 15th June 1971:

LADIES AND GENTLEMEN,

I have pleasure in welcoming you all to the 26th Annual General Meeting of the Company. The Accounts for the year ended 31st December, 1970 and the Directors' Report have been circulated to you and with your permission I shall take them as read.

Your Company has completed another year of steady progress. The production has been maintained at a high level both at Baroda and at Whitefield and our marketing strategy ensured that higher sales were maintained throughout the year.

The results achieved by your Company have to be judged against the perspective of the multifarious problems facing the glass industry in the area of shortages and increasing costs. Rise in the costs of all inputs has continued unabated. All important raw materials as well as refractories are in short supply and are difficult to procure in a steady flow as required by our production schedule. Soda ash supplies have become increasingly difficult during the past year and production schedules are not easy to maintain in this kind of situation. We have had to relieve the difficulty by using some cullet which has to be collected from all over the country; but this cannot be a satisfactory method whether in the short-term or the long run. Additional capacities for the manufacture of soda ash have, therefore, to be promptly sanctioned and government should help in ensuring that the usual procedural and other matters do not delay such units coming into production. The production has to reach a level whereby this important raw material is available to all users at the price fixed by the manufacturers. It has also to be seen that shortages do not lead to a position where soda ash is sold at a premium of 30 per cent to 40 per cent in the market. In the meantime, imports should be made and allotted to the glass units in all regions of the country so that they can continue production at the full capacity. The closeness of the market price and the manufacturers' price acts as a barometer as to the adequacy of supplies and this index should be used for regulating the level of imports and production capacities.

All these adverse factors, however, have not been allowed to affect the overall performance of the Company. This has been done through increased productivity at all levels and higher turnover achieved through a well organised and sustained sales and marketing effort.

The rise in sales has been achieved against the increasing degree of competition which has to be faced in the market for Yerawares. Here, too, the organisa-

tional steps undertaken by us in the past few years have helped your Company. The network of dealers for Yerawares has spread wider over the country. The operations of market representatives have become increasingly effective. And a well-conceived advertising campaign, prominently projecting the brand name, has stimulated the specific demand for our tableware and jars. We are confident of retaining our premier position in this field and all necessary steps to increase this lead are being taken.

You are, no doubt, aware that in our Baroda plant we have switched to the use of gas as fuel since 1967. The price of the gas was decided after considerable deliberations. It was also assumed that this price would be maintained and not be changed abruptly or sharply. The recent proposals for a drastic upward revision made by the O.N.G.C. has, therefore, rightly provoked protest. We are watching this matter carefully so that the interests of your Company do not suffer adversely.

Another factor you would like me to refer to is the recent additional excise imposed on glassware. This will reflect itself in higher prices to our clients and consumers. The resultant rise in the price of glassware along with the other levies proposed in the Finance Bill are bound to contribute to the inflationary situation encompassing our economy. In the case of containerware, however, the effect will be felt manifold and in many industries which need to be allowed to develop. It must be realised that higher costs in a container

industry like glass industry in turn affects the cost structure of a large number of other important user industries, including pharmaceuticals as well as preservation and packaging of food. Without going into the merits or the advisability of the increased excise on glassware, it is obvious that the only way by which the resultant high cost of containers to user industries could be reduced substantially and continuously is through increased production and lower cost.

Your Company has always taken opportunity of realising economies of large scale production and has in the past expanded manufacturing capacity to the extent possible. A new difficulty in any such programme of expansion is the ban on imports of glass manufacturing machines. Even in regard to this we will, through facilities and expertise available in the country, be able to procure these machines indigenously. The machines so built will soon be available for increasing our capacities. We are confident that these machines which are now being produced at our initiative and to our requirements would satisfy the high standards required in automatic manufacture and would be suitable to particular conditions obtaining in our country. This ban on imports of machines has thus been taken by us as a welcome challenge to the ingenuity and skills of our management and technicians.

Before I finish, you would like me to place on record our appreciation of the co-operation and hard work put in by the workers as well as members of the staff of the Company, both at Baroda and Bangalore. I also wish to thank my colleagues on the Board for their support and guidance.

I now commend the annual Accounts and Directors' Report for your consideration.

FINANCIAL CONTROLLER

Applications are invited for the post of a Financial Controller for an Industrial Concern which has separate Units in various parts of the country for the manufacture of different components and accessories.

The function of the Controller will be to Organise Management Accounts in the various Units and to organise and maintain control accounts in the Head Office at Calcutta. He will report directly to the Managing Director and keep him posted about the financial position of each Unit, and in particular, of problems anticipated regarding Finances, Inventories, Stocks and Sales.

Candidates should be Chartered Accountants and/or Cost Accountants. Particular consideration will be given to the nature and extent of experience in similar jobs. They should be around 40 years of age.

This is a challenging job requiring initiative, drive and imagination. Emoluments will be fixed according to qualifications and experience, but will not be less than Rs. 40,000 per year.

Please apply before 30th June, 1971 to Box No. 2450, C/o "Commerce," Manek Mahal, 6th Floor, 90 Vir Nariman Road, Bombay-20.

STATISTICS

CENSUS 1971: ANDHRA PRADESH

Table 1: District-wise basic population data

District	Population				Density of population per sq. km.		Sex ratio (females per '000 males 1971)
	1971	Percentage to total	Decadal increase (per cent) during		1961	1971	
			1951-61	1961-71			
1. East Godavari	30,77,190	7.1	13.32	17.97	238	281	996
2. Guntur	28,39,950	6.5	17.81	22.03	205	250	975
3. Visakhapatnam	27,90,854	6.4	10.50	18.45	171	203	998
4. Hyderabad	27,87,693	6.4	13.24	35.20	268	362	943
5. Srikakulam	25,86,713	6.0	10.47	13.68	233	265	1,024
6. Krishna	24,86,396	5.7	19.61	19.71	238	285	964
7. West Godavari	23,64,816	5.4	16.52	19.54	254	304	994
8. Chittoor	22,81,411	5.3	14.91	19.11	122	145	961
9. Anantapur	21,15,355	4.9	19.13	19.69	92	111	947
10. Kurnool	19,80,174	4.6	19.42	26.05	84	105	969
11. Karimnagar	19,56,373	4.5	13.54	20.65	137	165	984
12. Mahbubnagar	19,29,528	4.4	9.92	21.31	86	105	989
13. Ongole	19,16,696	4.4	14.21	14.65	96	109	987
14. Warangal	18,60,392	4.3	16.21	20.38	120	144	950
15. Nalgonda	18,08,002	4.2	21.02	16.10	109	127	965
16. Nellore	16,08,346	3.7	14.95	14.97	107	123	986
17. Cuddapah	15,75,993	3.6	15.40	17.43	87	103	959
18. Medak	14,60,890	3.4	10.59	18.53	127	151	986
19. Khammam	13,69,120	3.2	30.88	29.46	67	86	980
20. Nizamabad	13,12,419	3.0	22.43	28.92	128	165	999
21. Adilabad	12,85,970	3.0	21.37	27.41	62	79	976
ANDHRA PRADESH	4,33,94,951	100.0	15.65	20.60	130	157	977
INDIA	54,69,55,945	..	21.64	24.57	138	182	932
Andhra Pradesh as per cent of India	7.9	..	..	..	..	..	..

NOTE: Districts are ranked by population.

SOURCES: 1. Press note issued by the Director of Census Operations, Andhra Pradesh.
2. Registrar General and Census Commissioner of India, Census of India, Series I, Paper I, Provisional Population Totals.

Table 2: Trends in literacy -1961 and 1971

Rank in		District	Literacy percentage			
1961	1971		1961	1971	Increase during 1961-71	
					Per cent	Per cent point
1	1	Hyderabad	35.06	39.91	13.8	4.85
2	2	Krishna	31.15	34.94	12.2	3.79
3	2	West Godavari	30.76	34.94	13.0	4.18
4	3	Guntur	28.07	30.38	8.2	2.31
5	4	East Godavari	26.00	31.02	19.3	5.02
6	5	Nellore	23.28	26.44	13.0	3.16
10	6	Chittoor	20.94	25.81	23.3	4.87
8	7	Cuddapah	21.75	24.90	14.5	3.15
7	8	Kurnool	21.87	23.80	8.8	1.93
11	9	Anantapur	21.87	23.68	8.3	1.81
9	10	Ongole	21.10	23.55	11.0	2.45
12	11	Visakhapatnam	17.03	21.33	25.2	4.30
15	12	Khammam	15.23	18.45	21.1	3.22
13	13	Srikakulam	15.80	18.37	16.3	2.57
14	14	Warangal	15.37	18.31	19.1	2.94
16	15	Nizamabad	14.34	17.08	19.1	2.74
19	16	Nalgonda	13.90	17.02	22.4	3.12
17	17	Medak	14.03	16.11	14.8	2.08
18	18	Mahbubnagar	13.96	15.56	11.5	1.60
20	19	Karimnagar	12.90	15.34	18.9	2.44
21	20	Adilabad	11.72	14.14	20.6	2.42
		ANDHRA PRADESH ..	21.19	24.56	15.9	3.37
		INDIA	24.03	29.35	22.1	5.32

SOURCE: Press note issued by the director of census operations, Andhra Pradesh.

Table 3: Cities with a population of one lakh and above

City	Population	Percent- age increase during 1961-71	Sex ratio (females per '000 males)
1. Hyderabad urban agglomeration ..	17,98,910	42.52	926
2. Visakhapatnam urban agglomeration ..	3,62,270	65.37	919
3. Vijayawada urban agglomeration ..	3,43,664	38.77	939
4. Guntur	2,69,941	44.26	972
5. Warangal	2,07,130	32.69	932
6. Rajahmundry urban agglomeration ..	1,88,841	32.60	968
7. Kakinada	1,64,172	26.54	983
8. Kurnool	1,36,682	35.58	954
9. Nellore	1,33,607	25.13	960
10. Eluru	1,27,047	17.29	1,014
11. Nizamabad	1,14,868	45.23	941
12. Machilipatnam ..	1,12,636	11.06	948
13. Tenali	1,02,943	31.10	977
Total for 4 urban agglomerations and 9 cities ..	40,62,711	..	..
As per cent of Andhra Pradesh population ..	9.4	..	..

SOURCE: Press note issued by the Director of Census Operations, Andhra Pradesh.

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	21-5-1971	28-5-1971	5-6-1970
Issue Department			
Notes held in Banking Department ..	11.70	19.74	12.14
Notes in circulation ..	4,424.77	4,389.66	4,085.27
Total notes issued ..	4,436.56	4,389.40	4,097.41
Gold coin and bullion ..	182.53	182.53	182.53
Foreign securities ..	278.42	303.43	401.42
Rupee coin ..	37.69	40.53	50.93
Government of India rupee securities ..	3,937.92	3,862.92	3,462.53
Banking Department			
Deposits of Central Government ..	56.16	61.40	92.84
Deposits of State Governments ..	4.04	3.83	6.69
Deposits of Scheduled Commercial Banks ..	194.73	214.41	176.46
Deposits of Scheduled State Co-operative Banks ..	10.13	10.45	9.72
Deposits of Non-Scheduled State Co-operative Banks ..	0.76	0.80	0.76
Deposits of other banks ..	0.35	0.38	0.20
Other Deposits ..	64.02	65.66	100.02
Other liabilities ..	785.12	766.23	618.00
Total liabilities or assets ..	1,115.32	1,123.15	1,004.70
Notes and coins ..	11.85	19.81	12.23
Balances held abroad ..	90.16	73.55	104.48
Loans and advances to—			
(i) Central Government ..	—	—	—
(ii) State Governments ..	400.92	413.94	196.39
Loans and advances to Scheduled Commercial Banks ..	139.28	131.31	283.48
Loans and advances to State Co-operative Banks ..	254.47	260.10	239.76
Other loans and advances ..	45.80	44.08	11.57
Internal Government Treasury Bills ..	16.68	16.73	—
Bills purchased and discounted ..	29.09	30.22	4.02
Investments ..	71.33	77.80	99.27
Other assets ..	55.77	55.61	53.48

Note: The gold reserves of Issue Department are valued at Rs 53.58 per 10 grams upto January 31, 1969 and at Rs 54.39 per 10 grams thereafter.

COST OF LIVING INDEX: 1970-71 (Base: 1960=100)

Centre	Industrial workers			Urban non-manual employees		
	Dec.	Jan.	Feb.	Oct.	Nov.	Dec.
Ahmedabad ..	177	175	175	173	172	171
Ajmer ..	184	183	N.A.	170	170	169
Alwaye ..	197	195	192	(a)	(a)	(a)
Amritsar ..	194	191	N.A.	192	188	187
Bangalore ..	190	190	188	174	176	176
Bombay ..	183	181	182	171	171	168
Calcutta ..	185	177	175	175	174	171
Delhi ..	202	203	205	176	174	173
Digboi ..	195	190	185	(a)	(a)	(a)
Gwalior ..	186	189	189	195	192	189
Hyderabad ..	191	189	186	176	177	177
Jamshedpur ..	181	178	177	(a)	(a)	(a)
Kanpur ..	189	189	N.A.	181	179	176
Madras ..	174	173	172	178	180	181
Nagpur ..	191	188	185	171	170	168
Patna ..	(a)	(a)	(a)	194	194	191
Sambalpur ..	184	185	N.A.	180	180	176
Shillong ..	(a)	(a)	(a)	171	172	166
Srinagar ..	172	174	N.A.	185	186	187
Trivandrum ..	(a)	(a)	(a)	180	181	182
Yamunanagar ..	192	193	N.A.	(a)	(a)	(a)
All-India ..	186	184	184	177	177	175
All-India (corresponding month of 1969) ..	177	177	177	168	167	168

(a) The original source of data does not cover this centre.

MONEY RATES*

	1971			1970
	June	May 28	May 21	June 5
Reserve Bank of India (Bank Rate) ..	6	6	6	5
Selected Major Scheduled Commercial Banks†				
Call money from Banks:				
Bombay ..	4.50	4.50	4.81	6.53
Calcutta ..	—	—	5.49	6.60
Madras ..	—	4.21	5.50	6.97

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.

† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	For the week ended (Friday)		
	4-6-1971	28-5-1971	5-6-1970
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	167.86	156.11	128.35
(ii) From others ..	2,687.51	2,677.54	2,266.32
(b) Borrowings from banks ..	47.14	31.23	24.47
(c) Others ..	166.24	166.19	133.24
2. Time liabilities—			
(a) Time deposits—			
(i) From banks ..	35.56	35.80	35.86
(ii) From others ..	3,423.49	3,402.07	2,917.65
(b) Borrowings from banks ..	8.33	11.22	6.36
(c) Others ..	44.73	38.99	31.92
3. Aggregate deposits (1) (a) (ii) + (2) (a) (ii) ..	6,111.00	6,079.61	5,173.97
4. Borrowings from Reserve Bank	139.28	121.31	283.48
(a) Against usance bills and/or promissory notes ..	68.07	71.05	113.12
(b) Others ..	71.21	60.26	170.36
5. Borrowings from State Bank and/or a notified Bank and the State Governments ..	53.08	53.33	58.55
6. Cash ..	174.42	175.20	148.91
7. Balances with Reserve Bank ..	207.29	208.68	195.28
8. Cash and balances with Reserve Bank ..	381.71	383.88	334.19
9. 8 as per cent of 8 ..	6.25	6.31	0.46
10. Balance with other banks in current account ..	68.09	73.14	57.34
11. Money at call and short notice ..	63.49	45.79	39.50
12. Investments in Government securities ..	1,366.25	1,364.89	1,180.36
13. 12 as per cent of 8 ..	22.36	22.45	22.93
14. Advances—			
(a) Loans, cash credits and overdrafts ..	3,793.41	3,754.10	3,450.35
(b) Due from banks ..	38.31	38.79	45.02
15. Inland bills purchased and discounted ..	724.74	728.36	543.87
16. Foreign bills purchased and discounted ..	201.13	205.06	185.66
17. Total Bank Credit (14 (a) + 15 + 16) ..	4,719.82	4,687.52	4,179.88
18. 17 as per cent of 8 ..	77.23	77.10	80.79

MONEY SUPPLY WITH THE PUBLIC

(Rs in crores)

	May 21, 1971	Variation over preceding		
		Week	Month	Year
Money Supply with the Public ..	7,342	— 10	47	755
Currency with the Public ..	4,539	— 27	35	250
Deposit Money with the Public ..	2,803	17	12	405
Factors affecting Money Supply				
Net Bank Credit to Government Sector ..	5,700	— 17	147	885
Net Bank Credit to Commercial Sector ..	2,020	— 27	— 48	162
Net Foreign Exchange Assets of Banking Sector ..	570	— 2	8	— 106
Other factors ..	— 948	— 36	— 60	— 186

RBI INDEX NUMBERS OF SECURITY PRICES

(1961-62=100)

Groups	Week ended		
	5-6-1971	8-5-1971	6-6-1971
Debentures—All-India ..	92.8	92.0	93.6
Preference Shares All India ..	84.7	85.1	88.0
Variable Dividend Industrial Securities			
Agriculture and Allied Activities ..	80.0	88.7	87.0
Mining and Quarrying ..	53.3	54.3	54.7
Processing and Manufacturing ..	96.1	97.8	95.2
All-India—Total ..	99.0	101.0	98.1
Regional			
Bombay ..	109.1	112.3	111.2
Calcutta ..	96.6	97.4	92.5
Madras ..	89.0	88.7	86.0
Ahmedabad ..	77.6	79.0	82.5
Delhi ..	112.5	115.6	119.8

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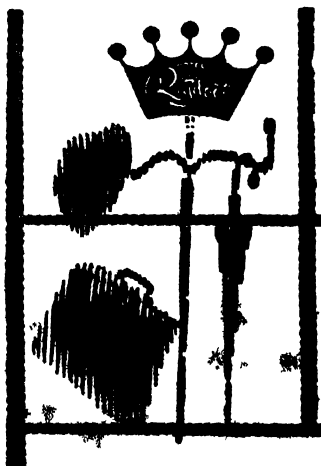
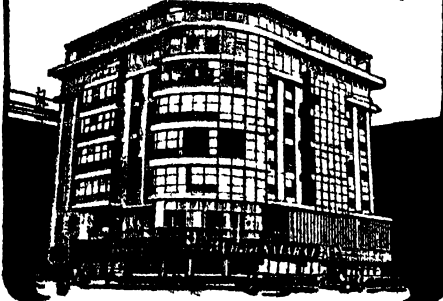
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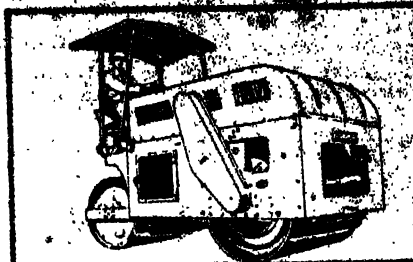
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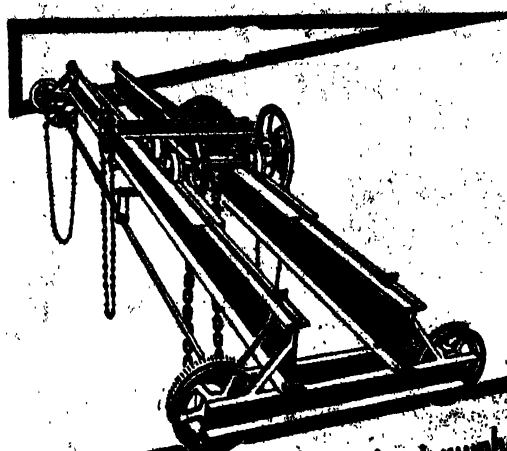
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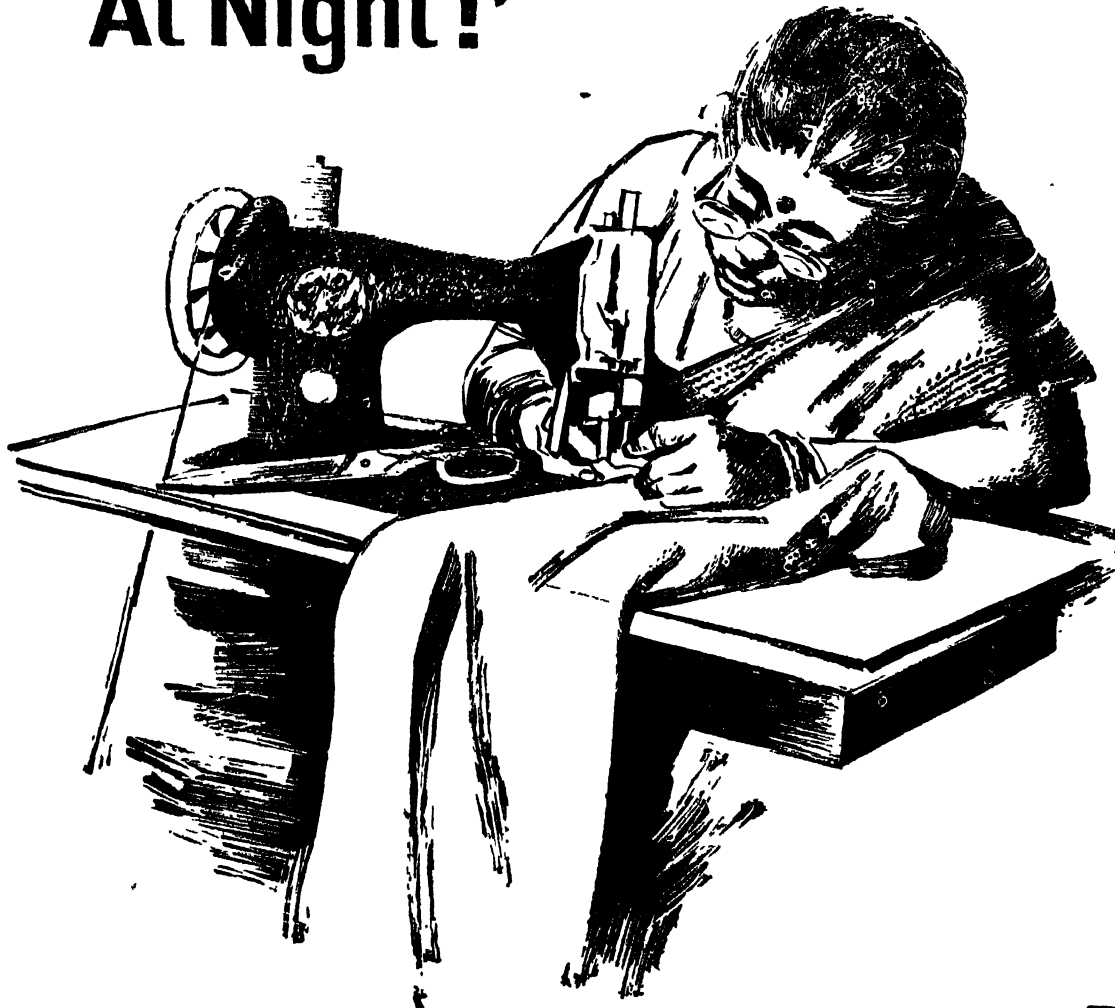
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COMMERCE

Vol. 122

JUNE 26, 1971

No. 3138

EDITOR :
VADILAL DAGU

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National security and political democracy

THE emergency situation developing in West Bengal is a matter for concern for the entire country. The alarm was initially raised by the Chief Minister of West Bengal, Mr Ajoy Mukherjee, who announced a series of measures to deal with the situation. His Government decided to overhaul thoroughly the police administration in the State. Sneak attacks on policemen on duty by political extremists had demoralised the ranks of the State police and even of the officers. A few of them are suspected to be the sympathisers of CPM and other political parties and there has been a deterioration in discipline among the police force in many parts of the State. In order to deal with this situation, the State has been pressing on the Centre to declare an emergency so that it may have sufficient powers to deal with the lawless elements among the police as also the people.

There will be a general sympathy with the difficulties which Mr Ajoy Mukherjee has to face in dealing with the extraordinary situation in the State with a very slender majority in the State Assembly. It is not certain how long he will be able to command even this marginal majority. While appreciating all this, however, it is difficult to support the proposal of the West Bengal Government to create resistance groups to counter violence in Calcutta and in the districts of the State. It has been explained that though the decision was political the actual formation of these groups and their relationship with the police in Calcutta and statutory bodies in the districts would be defined through administrative orders. But this by itself does not solve the problem because, according to a further clarification, the composition of the bodies would be guided

by the directions yet to be issued by the ruling parties. In the peculiar situation prevailing in West Bengal today, it would not be easy to determine the composition of these resistance groups in a manner whereby they could be clearly distinguished from the armed volunteers of a few political parties. The idea that people of a locality should organise themselves to fight violence is a tempting one in view of unprovoked and indiscriminate attack by political extremists on those whom they consider to be undesirable persons. But there are indications that the main targets of these extremists are their political rivals. In such circumstances, a fight between political extremists and the resistance forces could soon degenerate into violent engagements among the political rivals. This fear is not imaginary, and if it materialises it will lead to a far dangerous law and order situation in the State than it is today. Once passions are roused on both the sides it will be very difficult for the police to keep the situation under control. Instead of helping the police in maintaining law and order, the resistance forces might complicate the handling of law and order situation still further.

That is why there are some fundamental objections to creating bodies of citizens to resist violence of law and order in the country. But there is a strong case for strengthening the hands of the executive to cope up with the developing situation. It is, therefore, surprising that some of the parties in Parliament opposed the Maintenance of Internal Security Bill so violently. As one of the members belonging to the CPI remarked, the Bill had turned out to be adversity that had made strange bed-fellows. He was sup-

porting, at the time, the motion disapproving the Maintenance of Internal Security Ordinance sponsored by the Jana Sangh and the CPM. It is true that the Bill confers extraordinary powers on the executive to detain a person without trial. But we had such a measure on our statute book before and the executive, by and large, used the powers conferred on it by that measure to achieve its objectives. Of course, that measure was also bitterly attacked by the opposition parties even then. But this time it was expected that in view of the extraordinary situation which the country has to face, the political parties would realise the need for arming the executive with adequate powers. It would not be proper to assume that the opposition parties are unaware of the situation. The conclusion is, therefore, inevitable that some of our political parties do not accept the assurance by the Government that the measure will be used strictly to deal with abnormal situations. It is this credibility gap at this critical hour that is disturbing.

It must be conceded that there are provisions in the Bill to prevent the arbitrary use of the emergency powers. Advisory boards are to be constituted comprising persons who might be depended upon for taking a judicial view. While these boards will be advisory, the detainees would be permitted to represent their cases before them. It is further provided that no person can be detained for more than a year at a time. If he is found to be still a menace to the security, a fresh detention order could be issued against him. There is provision for scrutiny by the Government of the reasons for detention within seven or 12 days and these reasons are to be explained to the person detained. Of course, it would be idle to argue that these safeguards are sufficient to ensure that no error would take place or those powers would not be misused. Once, however, the necessity of extraordinary powers for the executive to deal with the law and order situation is recognised, the only effective safeguard against the misuse of power will be popular vigilance and Parliamentary exposures.

Much of the potential threat involved in the Internal Security Bill could be avoided if the political parties even at this stage agreed to abide by what Mr K. C. Pant called rules of game within the framework of the nation's liberal and democratic Constitution. This applies to the ruling party as well as to the Opposition. The concept of violence itself has to be properly understood. It is not shooting of a political opponent down in the street that alone constitutes violence. If the parties in power utilise the Internal Security Bill for the purpose of achieving a political end, that would as much be a violence on the liberal and democratic spirit of our Constitution. The tendency to identify the Government and the ruling party is one of the chief reasons why the credibility gap among the political parties is so wide today. We have to take note of the fact that the Jana Sangh is bitterly opposed to the Bill. The reason for this is obvious. As Mr K. C. Pant himself has declared in the Lok Sabha, the law on the anvil would come into play if under the guise of political activity certain people acted in a manner which is prejudicial to preserving communal harmony. This is quite legitimate if the formulation is strictly adhered to. But if there is prejudice against a political party, say the Jana Sangh, that it is deliberately fomenting communal disharmony, even legitimate expression of views might be interpreted as disturbing communal harmony. The point is that it will be necessary to judge each act on its merit without prejudice. At least a few of those who fought the measure tooth and nail seem to be genuinely apprehensive of its illegitimate use. The actual working of the Act in the months ahead would prove whether these fears were genuine or exaggerated.

Nixon's duplicity

PRESIDENT Yahya Khan may yet have the last laugh on us and, in fact, on the entire civilised world. When he met recently the South Asia Director of the World Bank, Mr Peter Cargill, the Pakistani dictator is reported to have told him in his blunt way, according to a press report, that "you will have to give

us 100 million (dollars) immediately". Mr Cargill's reply was, "you need 300 and it wouldn't be immediate." Mr Cargill went to his word, and last week members of the 11-member Aid-Pakistan Consortium postponed indefinitely their meeting with Pakistani representatives till they knew of the political settlement President Yahya Khan had to offer to the people of Bangla Desh. It looked as though the international community had at last veered round to the view that it could no longer afford to sit idly by while President Yahya Khan and his army completed their exercise of genocide and that it must take a hand in the matter. The main purpose of Mr Swaran Singh's visit to the major world capitals was thus claimed to have been achieved and there was a note of satisfaction in New Delhi that the External Affairs Minister had succeeded in establishing before the international community that the solution of the gigantic refugee problem, the transfer of power to the elected representatives in Bangla Desh and the maintenance of peace and stability in the sub-continent are closely connected.

But was Mr Swaran Singh's mission that successful? The world has now been awakened rudely to the fact that one of the leaders of the Aid-Pakistan Consortium, namely the United States, even while ready to suspend economic aid to Pakistan, has felt no hesitation in supplying arms to that country even after the massacre of over half a million innocent Eas' Bengalis. We owe a debt of gratitude to the *New York Times* for bringing to light with full facts that two Pakistani freighters were on the high seas with aircraft, parachutes, armoured vehicles and tonnes of spare parts and accessories for aircraft and military vehicles sold to Pakistan by the United States. This makes nonsense of the repeated declarations of the US State Department that no arms had been supplied to Pakistan and none were in the pipeline after the outbreak of the civil war in Bangla Desh on March 25. Pentagon spokesmen have sought to justify the sale of these arms on the ground that the export licence for the supplies was granted before the March 25 embargo. Is Washington so naive as to believe that these arms will not strengthen Yahya Khan's war machinery which he is using to bring devastation in Bangla Desh and send millions of refugees fleeing to India for safety? The *New York Times* has declared that the arms shipments "represent a breach of faith with the American public, with the Congress and with a friendly foreign power. They serve further to undermine the credibility of the US Government and put the US in the position of abetting an act of repression which is not only morally repugnant but also constitutes a serious threat to this country's own long-term interest in peace and democratic development in the Indian sub-continent". This is no mere breach of faith with the American public or with a single friendly foreign power. The American Administration in seeking to pursue a policy of establishing its own sphere of influence in Asia apparently believes that it can get away by speaking in two voices even when it comes to acts of horror that should awaken the human conscience. Or is it that it believes that the American conscience has all dried up after the horrifying stories that have come from Vietnam?

India will naturally protest against the dangerous course that the United States has taken. The refugee problem for her is a crushing one. Looking after six million of them even for a short period of a few months will make a huge draft on her economic resources. But it is not enough that India protests. At least the 10 other members of the Aid-Pakistan Consortium, who told Pakistan "no economic aid" at this stage, must raise their voice and compel the United States to see that the arms are not unloaded in Pakistan. Otherwise, they too, along with the United States, will lose their credibility, and the world will conclude that their action last week was only a facade put up for the benefit of the World Bank and the public in their own countries. Is it that President Yahya Khan knew this when he was talking to Mr Peter Cargill? He was fully aware that arms were on their way and was not perturbed that economic aid might be delayed somewhat. The leaders of the Western world and particularly of the US have yet to prove that there is still an element of basic human decency left in international relations even in this age of mass destruction weapons and that it is not all double-talk and duplicity.

DURING my recent visit to New Delhi, one topic of discussion that I came across so often was the style of living of our Ministers which had no relevance to their socialist protestations. A friend who is an official of the Government of India graphically described the attitude of this new feudal class: "These Ministers do not find even the sprawling bungalows fit enough for their imperial residence. Quite a few have rejected these bungalows as 'stables'. They describe the furniture as junk and their wives are busy spending quickly the Rs 30,000 that Ministers are allowed for furnishing their houses, even if their predecessors had left them in good condition. Their wives are also, of course, constantly complaining about the useless peons and *malis* who do not keep their gardens in trim. You know, it was only recently that Mr Bahuguna told the Rajya Sabha that quite a few of our Ministers spend between Rs 2,000 and Rs 3,000 a month on local calls only. The story of electricity and water bills has now become a household story of ministerial extravagance with the tax-payers' money."

While listening to my friend, I was not concerned with the attitude of our Ministers and legislators alone, but with that of the upper class including the bureaucrats, industrial magnates and the rich peasants. Ostensible consumption whether by private citizens or public men is to be eschewed. This is the precondition for the creation of the climate of austerity which Mrs Gandhi so appropriately recommended to the people.

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It was not surprising, therefore, that at the recent meeting of the Congress (R) Parliamentary Party Executive many members criticised the "vulgar display of wealth" by Ministers, legislators and some other leading Congress leaders. An MP demanded that a ceiling should be imposed on expenditure by Ministers. Mrs Gandhi who sympathised with the demand said that she had written to the Chief Minister of Maharashtra, Mr V. P. Naik, about the extravagant marriage reception held by Mr Shankarrao Mohite Patil at Akhuj recently. Mr Naik informed her that a large number of people turned up at Mr Mohite's house whether or not they were invited. Mr Naik also told her that many people had come to see him on the death of his father. Then Mrs Gandhi cited the example of her own marriage. She and her husband had wanted a quiet celebration. But Gandhiji wished that all the formalities be gone through. Her father wrote to all the people "we knew" about her wedding. The number of people who turned up at Mrs Gandhi's wedding was so large that there was a rush at the railway platforms. People also sat on the lawns of Jawaharlal Nehru's house.

Mrs Gandhi has been rightly identified with change in our tradition-bound society. But her performance at the Congress Parliamentary Party Executive meeting was, to say the least, distressing. By citing rather irrelevantly the instance of her marriage as well as Mr Naik's letter she spoke more as a leader of the Establishment than of change. True, she did concede that the time had arrived for Ministers to give up their sprawling bungalows. But that can happen only when the old plan for reshaping New Delhi is finally drawn up and implemented. This would, even theoretically, take decades; by

EDITOR'S NOTEBOOK

that time the Congress party may again become a symbol of *status quo* and decadence.

A little while ago I said that Mrs Gandhi's reference to her marriage ceremony was irrelevant to the debate on ministerial pomp. When Gandhiji asked her to go through the formalities of a Hindu marriage he certainly did not want it to be as lavish as the marriages of some of our Ministers' and legislators' sons and daughters. The formalities of a marriage can be gone through even with an expenditure of Rs 10. If Jawaharlal Nehru invited all the people "we knew", that was his business. It had nothing to do with Gandhiji's advice. The people came in great numbers not because she followed his advice but because her father invited them. All this has nothing in common with the marriages and other display of wealth which her party MPs have attacked. One should go a step further. Even if Gandhiji had advised Mrs Gandhi to go through the formalities of a marriage, if that led to a feudal display of wealth we should condemn it equally and unequivocally. As for austerity, if Gandhiji's advice the advice of the greatest apostle of austerity—comes in our way we should discard it, and I am sure the spirit of Gandhiji would applaud this unreservedly.

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Mrs Gandhi who chose to trust a Chief Minister more than the press also made an attempt to defend the marriage ceremony at Mr Mohite Patil's house where nearly one lakh people were fed. Some time ago, speaking at a press conference in Srinagar, she advised pressmen more to get in touch with the people rather than sit in their offices. This is exactly what that responsible daily, *Maharashtra Times*, had done. The Editor of the paper got in touch with the participants in this marriage ceremony and persuaded one of them to write an account of it. Mrs Gandhi's acceptance of Mr Naik's explanation that many people came uninvited is unfortunate. It was revealed that as many as 27 committees had been constituted with prominent citizens of Sholapur district, and they were on their feet for months together planning this marriage ceremony. Did Mrs Gandhi know that it was these committees which had organised the entire show? And to condemn the people for the organised extravagance of her partymen is just not fair. I had thought that a Prime Minister who is concerned about the future of democracy in India would publicly express her gratitude to the two enterprising Marathi dailies, *Kesari* of Poona and *Maharashtra Times* of Bombay, rather than condemning them indirectly for bringing to public notice an aspect of the life which worries her partymen also.

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Sensing the mood of the country, the Minister for Planning, Mr C. Subramaniam,

in his recent meeting with economists, asked all of a sudden what they thought of our Ministers' emoluments and perks. I was told that quite a few economists felt that the theoretical knowledge of the economists was not required to answer this question. It was a simple question of personal integrity and political will. All the same, one economist replied to the Planning Minister to this effect: "I am not worried about your visible emoluments. In fact we should pay you Ministers even Rs 10,000 per month. What I am particularly worried over is your political emoluments." This economist was quite justified in setting the problem in the proper perspective. The man in the street is more worried about the spoils system which is imperceptibly built up around a Minister's life. To begin with, while condemning black money day in and day out, the Ministers are the top collectors of cash money in India. An industrialist once told me that one of our Ministers had shouted at him during the mid-term poll: "Do you tell me that you can't give me Rs 2 lakhs in cash?" So long as our elections remain intolerably expensive and so long as the companies are not again permitted openly to subscribe to election funds through cheques, black money will continue to be encouraged by our rulers for their own political survival. The way relations of our Ministers and political leaders become affluent overnight is another aspect of the political emoluments of our Ministers. As one of our former Ministers put it to me: "I don't care whether a particular Minister declares his assets or not. What I do want to know is whether his son, his brother or his son-in-law has become more affluent than at the time when the Minister was not in office."

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In these days of ministerial pomp it is refreshing to meet a Minister who has not changed his way of life after becoming a member of the Council of Ministers. When I called on my old friend, Mr Ghanshyambhai Oza, Minister of State for Industrial Development, he asked his daughter to bring me a cup of tea as he used to do when he was not a Minister. The furniture in his house in Delhi is very similar to that in his flat in Ahmedabad where he used to stay before his election to the Lok Sabha. This is not surprising because Mr Oza is a rare politician who is exercised about the problem of poverty. He is also among the few present-day politicians who actively work for the welfare of Harijans, the working class and of the minorities. Meeting him is always a rejuvenating experience. He is primarily a social servant with an abiding concern for values. So, I do not despair of rectitude in our public life as long as there are persons like Ghanshyambhai Oza working amongst us.

MARKET GOSSIP

Lure of high interest

FACED by the failure of some non-banking companies to repay the amounts deposited with them by individual investors, the Reserve Bank issued in 1966 certain directives to regulate the deposits with such companies. These regulations laid down that every non-banking financial company other than a hire-purchase finance company or a housing finance company will not hold deposits in excess of 25 per cent of its paid-up capital and free reserves. A study in the April issue of the RBI Bulletin has stated that these directives have had some healthy effect on the unsecured borrowings of non-banking companies. While some of the larger public limited companies with considerable owned funds have been able to increase their deposits substantially within the permissible ceiling limit of 25 per cent, some of the private limited companies having substantial deposits, disproportionately large to their own funds, had to repay a fairly large sum or convert them into loans of exempted category so as to bring their deposits within the ceiling limit. But have enough safeguards been provided for the investor?

This poser arises in the context of a recent meeting of depositors of the Shamsher Sterling Cable Corporation Ltd. They met to consider how, if possible, to recover an amount of about Rs 75 lakhs kept as deposits with the corporation by about 3,800 investors. The affected people are said to be mostly belonging to the middle-class, and at the moment at least the possibility of the corporation repaying their deposits looks remote.

The Reserve Bank may have to have another look at the problem of such deposits because of the trend said to be evident in urban areas of investors placing their savings at the disposal of firms which are not covered by the directives applicable to non-banking companies. It is the high interest offered that attracts deposits to non-banking companies and firms. Very few of the investors are in a position to make a thorough study of the financial working of a company. This becomes all the more difficult when financial accounts of a company are not available for some period. In the case of the cable corporation referred to earlier, for instance, accounts have not been published for the past two years. The Reserve Bank study, mentioned earlier, also brings out that not all the companies submit their returns. It says that while the number of deposit accounts in the non-banking corporate sector dropped from 550 lakhs in March 1967 to 530 lakhs in March 1968, this is mainly accounted for by the reduction in the number of companies submitting returns from 2,591 to 2,398. This should not be the case since the Reserve Bank cannot overlook that deposits with non-banking companies are quite substantial. In 1968 they were of the order of Rs 479 crores. We have yet no idea of funds placed at the disposal of firms. But the fact that banking circles feel that it is this trend which

is one of the causes of deposit accretion lagging behind credit expansion in the southern parts of the country is significant enough for the RBI to take note of it. □

In-fighting in Synthetics

KILACHANDS have now given a new edge to their fight with Firestone Tire and Rubber Company over the control of Synthetics and Chemicals Ltd. What Firestone is aiming at by lending support to particular candidates in the elections to the Board of Directors, according to Kilachands, is a take-over of the company. By implication they have suggested that here is an American giant that seeks to be at the helm of the management of an Indian company by just holding 25 per cent of the share capital. The unsaid part is that such a development would go contrary to the Government's policy. Kilachands also argue that with the "yes men" on the Board of Directors, Firestone would be able to renew the technical assistance agreement it has with Synthetics and thus assure for itself substantial know-how fees. These allegations have been promptly denied by Firestone.

But in all this advertisement war, the much abused term is "independent" directors. Both Kilachands and Firestone have announced that they would support the candidature of the LIC nominee, Mr J T Ranadive. In addition, Firestone has said it will support the "independent" candidates, Dr D Banerjee, Mr J. N. Heredia and Mr K. M. Khushvala. These men have been described by Kilachands as "yes men" of Firestone and they, in turn, have announced their own choices—Mr J. H. Doshi, Mr Pravinchandra V. Gandhi and Mr Pratap Bhogilal. The two leading figures in the fight, Mr Tulsi Das Kilachand and Mr F. G. Reighley of Firestone are, of course, there in the field. The shareholders must be wondering who is independent and who is not. □

Speculation in chemicals?

DIVERGENT trends have been noted in the dyes and chemicals market in Bombay in the past few days. Generally dyes have ruled easy despite brisk inquiries from textile units because of comfortable supply position. In the chemicals section, however, prices have spurted reportedly on hectic buying of a speculative nature. For instance, borax granular moved up to Rs 100 per 50 kg from the preceding week's level of Rs 73 before reacting to Rs 82. Boric acid jumped by Rs 113 to Rs 275 per 50 kg over a period of seven days. This, despite the fact that indigenous manufacturers are said to be in a position to cater to the needs of the market. Caustic soda flakes ruled firm at Rs 205 and the solid variety at Rs 150 per 50 kg. Sodium nitrite has been quoted at around Rs 185

per drum packing. This item is currently imported by the STC as there is no indigenous production.

The Finance Bill has imposed a duty of 10 per cent *ad valorem* on bichromates of potassium and sodium. The manufacturers of these items have, however, absorbed this duty and not passed on the burden to the consumer. The market hopes that producers of hydrogen peroxide and potassium permanganate will follow this example. The consumers also expect that the authorities will move in to check the prices if they continue to rise because of further speculative activity. □

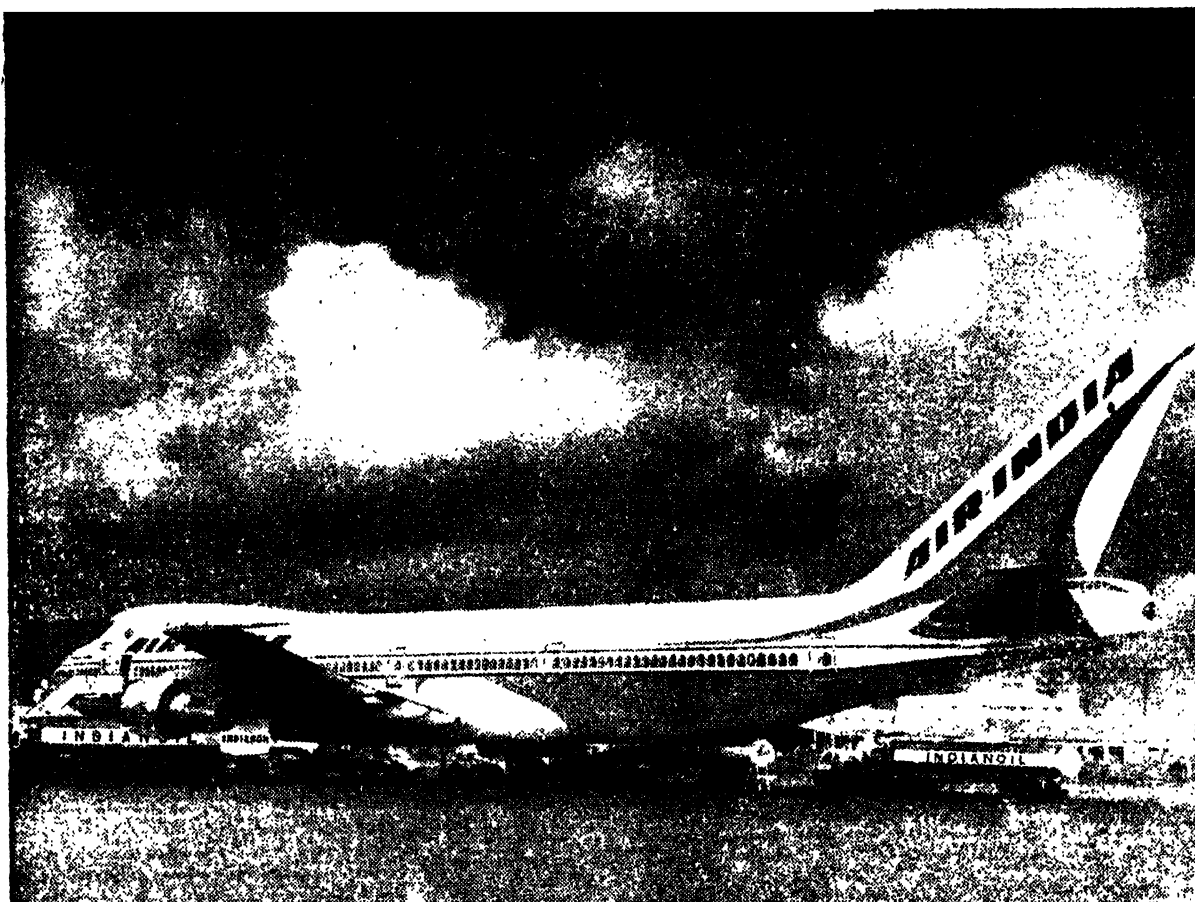
Low cloth exports

TEXTILE exports during May touched a new low for the year at Rs 636.9 lakhs, the decline being shared by all the items except cotton yarn. There was an improvement in the export of cotton yarn to the extent of Rs 12 lakhs over the April figures, due mainly to business done on Burma account. In the case of cotton piecegoods, there was a marked fall from Rs 484 lakhs in April to Rs 377.9 lakhs while the value of the exports of cotton apparel declined from Rs 91.1 lakhs to Rs 52.4 lakhs. In the case of "other cotton manufactures" the set-back was rather pronounced, the value of shipments declining from Rs 114.1 lakhs to Rs 92.4 lakhs.

The aggregate exports for the first five months of the year at Rs 39.36 crores compare very unfavourably with Rs 48.83 crores during January to May 1970 and Rs 42.08 crores in 1969. The total offtake of cotton piecegoods by the Asian markets declined sharply from Rs 446.2 lakhs to Rs 180.6 lakhs. While most of the markets in this zone accounted for a lower offtake, Thailand recorded a marked rise in her offtake at Rs 15.3 lakhs against Rs 3.4 lakhs.

The declining trend in the export of cotton piecegoods to Europe noticed in earlier months has continued. The value of exports during the period under review was placed at Rs 829.5 lakhs against Rs 939.7 lakhs. While sharp declines in offtake were noticed in the case of France, West Germany, the USSR and Yugoslavia, and Eastern Europe, there was a sharp rise in the offtake of Indian cotton piecegoods by the UK buyers—are they trying to make good in advance what they would be losing early next year?—from Rs 270 lakhs to Rs 570.7 lakhs.

The exports to America also declined from Rs 415 lakhs to Rs 305 lakhs, the sharpest fall in the offtake being registered by the US. In contrast, the exports to the African markets increased over three-fold at Rs 892.2 lakhs against Rs 286.9 lakhs, of which the Sudan alone accounted for Rs 842.6 lakhs, representing a four-fold rise from the level achieved during the first five months of last year. □



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SURVEY

SOME GAIN IN AID

NEW Delhi has no particular reasons to complain about the outcome of the Aid-India Consortium meeting in Paris last week. The \$1,150 million (Rs 862.5 crores) assistance agreed to by the consortium for the current year more or less corresponds to what this country had asked for. The non-project aid will be of the order of Rs 487.5 crores, which means that the declining trend in this type of assistance will not have been reversed. Further, when we consider that the debt relief of Rs 67.5 crores to Rs 75 crores will come out of this non-project aid, the limited success we have achieved in convincing the consortium of the greater need of non-project aid for our economy at this stage is obvious. In fact, the total non-project aid promised just about matches the debt servicing burden this year which will be of the order of Rs 458 crores. If, therefore, New Delhi is reportedly satisfied with the aid promised, it is presumably because it did not expect assistance on a more liberal scale. Secondly, it is also committed to a policy of relying less and less on foreign aid.

But obtaining promises of aid is only the beginning of the process of flow of foreign aid. In recent years aid disbursements have fallen short of their commitments. Even for this year the \$1,150 million assistance that has been committed is subject to ratification by parliaments of the aid-giving countries. There is thus no finality about the quantum of aid, but it can be reasonably expected that the authorisation this year will more or less match the commitments. For one thing, the consortium is satisfied with the performance of the Indian economy; the significant improvement in the agricultural situation and the rapid increase in exports have particularly impressed it. The consortium members also recognise that non-project aid could help in liberal imports of crucial raw materials, spare parts and components so necessary to impart the much-needed momentum to industrial activity.

For another, the enormous economic burden imposed on this country by the influx of six million refugees from Bangla Desh seems to have shaken the consortium members out of their aid weariness and made them readily agree to the World Bank's proposal for a total aid of \$1,150 million, which is \$50 million more than that committed last year. That they should have thought it fit to devote exclusively one of the sessions to the consideration of this matter and record in the consortium communicate their "deep concern about the situation" and unequivocally state "that it could have serious consequences for the economic development of India unless conditions are created soon to enable the refugees to return to their homes" testifies to this. The consortium has agreed that refugee relief is an international responsibility and has declared that assistance for this purpose will be in addition to the development aid promised. To that extent,

it is a gain for this country though the response from the world community to the needs of the situation has been far from satisfactory till now. □

THE OILY DEALS

THE deals by the Oil and Natural Gas Commission with certain tea estate owners in Assam might not have resulted, as claimed by the Minister for Petroleum, Mr P. C. Sethi, in a loss of Rs 50 lakhs to the exchequer. They might not have been put through for the benefit of a particular political leader as alleged by a Marxist member of the Lok Sabha. It is also possible that Mr Sethi was really not informed of the fact that his predecessor had ordered a CBI inquiry into the purchases of tea estates. But the whole episode has severely damaged the image of the ONGC and, what is more, has given the impression that the Government is keen on shielding the high-ups in the bureaucracy even when they are accused of gross misdeeds. No one expects the Government to mete out punishment the moment an allegation is made. That would be doing injustice and would demoralise the entire administrative machinery. But the public must have faith in the Government's readiness to act where necessary. That type of confidence has been diminishing in recent years with scandal after scandal in various Government departments coming to light. Mr Sethi's attempts at soft-pedalling on the alleged lapses by certain officers of the ONGC even when informing Parliament that another CBI inquiry into the affairs of the organisation was in progress is, to say the least, no way to build public faith in the integrity of the administrative set-up.

That is not all. The ONGC itself might have been let down by Mr Sethi in the process of establishing that he did not want to be unfair to certain persons unless the CBI inquiry pointed to their guilt. ONGC's efficiency is not accepted by all. Its critics would now talk also of corruption in the organisation that prevents the country from getting the optimum return from the crores of rupees placed at its disposal for oil exploration. These activities, however, have to be stepped up and not slowed down if the country is to be in a position to reduce imports of crude oil over which the foreign exchange outgo is already over Rs 100 crores. That will mean more funds for the organisation. The allocation of such resources might not be easily agreed to by Parliament whose members will justifiably demand an assurance that every rupee will be well spent. But additional funds are only one aspect of the whole issue. It is equally important that the ONGC builds cadres of technically competent and dedicated personnel needed for expansion of its activities. The chances are that so long as the organisation remains a "suspect" in the eyes of members of Parliament and the public, demoralisation will spread among the staff. That could only result in a setback to the desired efforts at locating more oil within the country. □

THE SOCIALIST ALTERNATIVE

THE merger of the Praja Socialist Party and the Samyukta Socialist Party is hopefully expected to be the beginning of a strong socialist party in the country. The draft agreement signed by the leaders of the two parties claims that the merger of their organisations would provide the country with a radical socialist alternative. It promises to lead the masses in the struggle for economic equality, social mobility and meaningful participation. The caste system and class division would be removed and preferential opportunities would be secured for backward classes in such a way that they could get the substance of power. The new party would strive to achieve these goals single-handedly eschewing the politics of united fronts. The party offers to work for the realisation of democracy, secularism and socialism. Its price policy will seek to establish a parity between price of the agricultural produce and of the industrial goods. Remunerative prices would be assured to the agriculturist and wholesale trade in essential commodities would be socialised. The price of essential commodities would not be permitted to exceed 1½ times the cost of production including the transport charges.

It is not quite clear how such a comprehensive policy is sought to be implemented. Prices do reflect the cost of production and the parity would be possible only when there is a parity between the cost of production of agricultural and industrial goods. Such a parity could be achieved only after a far-reaching technological revolution in rural areas. The conflict between growth and social justice is bound to arise in such a transformation and unless this conflict is resolved price parity would remain a pious objective. All this does not mean that these objectives are unattainable. It only means that details of blue-print will have to be prepared to ensure the realisation of these goals without creating unacceptable distortions in the economy. If the party visualises active participation in the coming elections to the State legislatures, it will have to work fast in creating the necessary blue-prints so that the people could be in a position to judge the economic programme of the party while exercising their vote. □

STATE BUDGET

Tamil Nadu

THE budget of the Tamil Nadu Government, presented by the Chief Minister, Mr M. Karunanidhi, who also holds the finance portfolio, shows an overall cumulative deficit of Rs 59 crores at existing rates of taxation. In his speech presenting the budget Mr Karunanidhi has implied that the only way to find a solu-

tion to the continuing deficit is to endow the States with greater autonomy. In the meantime, he has proposed additional taxation totalling about Rs 22 crores so as to bring down the closing cash balance deficit to Rs 37 crores. The most important of this is the suspension of prohibition laws from August 30, this year. He has also proposed a graduated increase in the levy of urban land tax with exemptions to holdings in Madras below one ground. He has also proposed the extension of the application of the Urban Land Tax Act, which is till now applicable only to Madras City, to Madurai, Tiruchirapalli, Salem and Coimbatore. Another proposal is for the revision of the rate of multi-point tax, levied under the Tamil Nadu General Sales Tax Act, from 3 per cent to 3½ per cent and the levy of 10 per cent surcharge on sales tax collected in Madras City. Defending the surcharge Mr Karunanidhi has pointed out that it is in lieu of octroi duty which other cities such as New Delhi, Bombay and Calcutta levy. The most interesting decision is to bring about certain changes in the Agricultural Income-tax Act so as to increase taxes on agriculturists with large incomes, particularly from the cultivation of commercial crops. He has also announced his decision to nationalise all passenger transport divisions of transport undertakings having 50 or more bus permits as on June 1971.

On the expenditure side he has promised new schemes costing Rs 1 crore to be taken up this year for extending the network of roads. High priority will be given to education, medical facilities, employment opportunities to medical graduates and Harijan welfare. The DMK Government has also decided to form a 2,000-member youth corps which will dedicate itself to social service in the villages. It will consist of graduates in medicine, engineering, agriculture, science and arts. These volunteers will undertake tasks such as adult literacy, improvement of health services, family planning, removal of untouchability, casteism and other bad practices. They will also help agriculturists in adopting new methods of cultivation. After having served one year they will be eligible for preferential treatment in recruitment to Government jobs. They will receive an honorarium of Rs 175 per month. The budget does reflect the hopes of the State Government to increase the tempo of industrial and agricultural programmes. Over 60,000 pumpsets are to be energised during the year. Dispersal of industries is to be encouraged by holding the incentive of lower power tariffs and other measures, and the Tamil Nadu Industrial Investment Corporation is to finance small-scale industries to the extent of 75 per cent of their capital needs with a view to encouraging this sector. And Mr Karunanidhi has also not forgotten to add that his State could have had many more larger industrial units if licensing had not been centralised in New Delhi.

INDIAN ECONOMY: BASIC INDICATORS

WEEKLY INDICATORS

Wholesale Price Index (1961-62=100)

	During the week ended				Percentage variation			
	May 29, 1971	May 22, 1971	May 1, 1971	May 30, 1970	Over a week ago	Over a month ago	Over a year ago	Over two years ago
Food articles ..	204.6	204.0	201.5	205.5	0.3	1.5	-0.4	5.8
Industrial raw materials ..	188.4	185.9	187.4	201.0	1.3	0.5	-6.3	6.3
Manufactures ..	182.3	181.9	182.8	180.2	0.2	-0.3	8.1	15.3
All Commodities ..	183.4	182.0	181.5	180.7	0.8	1.0	1.5	8.6

Money and Banking

(Rs crores)

	June 11, 1971	A week ago	A month ago	A year ago	Percentage variation		
		June 4, 1971	May 14, 1971	June 12, 1970	Over a week ago	Over a month ago	Over a year ago
Money supply ..	7,494 (a)	7,408	7,357	6,680	1.2	1.9	12.1
Bank credit ..	4,740	4,719	4,683	4,198	0.4	1.2	12.9
Bank deposits ..	6,135	6,111	6,008	5,189	0.4	2.1	18.2
Credit/deposit ratio ..	77.26	77.23	77.94	80.90	..	..	..
Foreign exchange reserves ..	750 (c)	750 (c)	758 (c)	840	0.8	0.3	-10.0

MONTHLY INDICATORS

	Unit	Latest month		Previous month	Percentage variation over previous month	Annual rate of change as indicated by recent months (d) (per cent)
		Month	Amount/Index			
Industrial production (seasonally adjusted) ..	1960=100	Jan 71	182.3	181.7	0.3	0.4
Exports ..	Rs crores	Apr. 71	127	136	-6.6	2.0
Imports ..	Rs crores	Apr. 71	144	139	3.6	11.7
Trade balance ..	Rs crores	Apr. 71	-17	-3	..	..
Foreign exchange reserves ..	Rs crores	end-May 71	758	751	0.9	-5.1
Cost of living index ..	1960=100	Mar. 71	184	184	..	3.6

ANNUAL INDICATORS

	Unit	1970-71	1969-70	1964-65	Percentage variation in 1970-71 over 1969-70	Annual rate of growth between 1964-65 and 1970-71
National income at 1960-61 prices ..	1960-61=100	142.5 (a)	135.1	119.7	5.5	8.0
Per capita income at 1960-61 prices ..	1960-61=100	114.1 (a)	110.8	109.6	3.0	0.7
Agricultural production ..	1949-50=100	177.6 (a)	169.9	169.4	4.5	1.8
Foodgrains production ..	Million Tonnes	104.5 (a)	99.5	89.0	5.9	2.7
Industrial production ..	1960=100	179.0 (a)	174.9	144.8	2.3	3.6
Exports ..	Rs crores	1,531	1,413	1,286 (b)	8.4	3.0
Imports ..	Rs crores	1,651	1,567	2,128 (b)	5.4	-4.1
Trade balance ..	Rs crores	-120	-154	-840 (b)	..	..
Foreign exchange reserves (year-end) ..	Rs crores	732	821	393	-10.8	10.9
Money supply (average) ..	Rs crores	6,720	6,009	3,866	11.9	9.7
Bank credit (average) ..	Rs crores	4,323	3,583	1,808	20.8	15.7
Bank deposits (average) ..	Rs crores	5,617	4,781	2,467	16.6	14.4
Wholesale prices (average) ..	1961-62=100	181.2	171.6	122.3	5.6	6.8
Cost of living index —working class ..	1960=100	187	177	129	5.7	6.4

Notes:

- Estimated by Commerce Research Bureau.
- At post-devaluation rate.
- While estimating foreign exchange reserves, SDRs transactions that might have taken place on April 30, 1971 have not been taken into account.
- The figures indicate percentage change during the current calendar year upto the month indicated as compared to corresponding period in the preceding calendar year.

THE WEEK

THE Aid-India Consortium, meeting in Paris on June 17 and 18, assured India of external assistance for 1971-72 of \$150 million (Rs 862.5 crores). This comprises \$650 million in non-project aid and \$500 million in project aid. The Consortium also agreed to provide for debt relief \$90-100 million out of the non-project aid. The assistance is apart from whatever contributions the member-countries have made for Bangla Desh refugee relief, which the Consortium acknowledged as an international responsibility.

Britain's contribution in this assistance will be £34.5 million (Rs 621 crores) in non-project aid, £20 million (Rs 36 crores) for specified project aid and £7.5 million (Rs 562 crores) towards debt relief.

Japan has pledged \$16 million (Rs 34.50 crores) on non-project account, of which \$20.6 million (Rs 15.45 crores) is for rescheduling of debts for 1971-72. In addition, she also made a three-year projected credit pledge of \$45 million (Rs 33.75 crores), specifically for the Tuticorin and Kottah fertiliser plants and for the Cochin shipyard.

France and India signed in Paris on June 22 a financial protocol specifying the terms of French credit to India for 1971-72. The agreement provides for a French contribution of 177.7 million francs (Rs. 25 crores) of which 27.7 million francs will be for debt relief. (See also Survey)

S.S. Padma, a freighter flying the flag of Pakistan, was preparing on June 22 to sail from New York to Karachi with a cargo of US military equipment to Pakistan, according to a *New York Times* report. The report added that at least one more ship, S.S. *Sunderbans*, left New York on May 8 and is due in Karachi in mid-August, also carrying what the paper described as "foreign military sales," apparently in violation of the Administration's officially proclaimed ban on such shipments. (See also Editorial)

Sir Alec Douglas Home, British Foreign Secretary, told the House of Commons on June 23 that Britain will not resume aid to Pakistan until there was a firm evidence of progress towards a political solution in East Bengal.

Britain and the Six Common Market countries reached a final agreement on June 23 on the terms of British entry into the Community. The agreement was the result of a mutually acceptable compromise on the two major outstanding issues, namely, the quantum of Britain's contribution to the Community's budget and the future of New Zealand's dairy exports. Britain has agreed to raise its contribution to the budget from 3 per cent to 8.6 per cent in the first year, which is only slightly less than the French demand for 10 per cent. The EEC will allow New Zealand to maintain 80 per cent of her butter exports to Britain and 20 per cent of her cheese exports during a five-year transitional period.

Britain and the United States have committed aid totalling Rs 28 crores for a giant fertiliser complex to be built in Gujarat by the Indian Farmers' Fertiliser Co-operative Ltd (IFFCO). Separate agreements were signed in New Delhi on June

18 covering the British credit of £7 million (Rs 126 crores) and the American loan of \$21 million (Rs 15.75 crores). The project has been undertaken with the co-operation of the Co-operative Fertilizers International (CFI), a non-profit organisation owned by 13 US co-operative ventures.

The Central Statistical Organisation has set up a working group to suggest a revision of the industrial production index by shifting the base-year and by giving a higher weightage to some of those industries that have become more important over the past decade. This is felt necessary in order to give a more precise picture of industrial growth.

Tamil Nadu, the first Indian State to experiment with Prohibition (1937), will go wet on August 30, 1971. Presenting the revised budget estimates for 1971-72 to the State Assembly on June 19, the Chief Minister, Mr M. Karunanidhi, announced the suspension of the enforcement of prohibition laws "until such time as the Central Government enforces it as a national policy". (See also Survey)

The Andhra Pradesh Cabinet announced on June 23 an *ad hoc* increase of Rs 6 in the dearness allowance of the non-gazetted employees. The city compensatory allowance has also been raised by 15 per cent. Three-fourths of the dearness allowance will be taken into account for the purposes of calculating house rent allowance. The Cabinet also announced a rise of Rs 3 in the pay of village officers.

The Uttar Pradesh Cabinet decided on June 22 to impose a ceiling of Rs 5 lakhs (per family) on urban property.

A sophisticated electronic equipment for measuring the ionospheric radio waves worth Rs 15 lakhs was gifted to India by the German Democratic Republic under an agreement signed in New Delhi on June 23. The equipment which is expected to reach India in a few months is to be installed in the Gujarat University at Ahmedabad.

In Parliament

The Lok Sabha on June 18 approved the Maintenance of Internal Security Bill 1971 amid a noisy walkout by the entire Opposition and a five-minute *dharna* by a Swatantra member. Sixty-five amendments had been moved to the Bill, only two of which, of a technical nature, were adopted and the others declared lost.

Mr L. N. Mishra, Foreign Trade Minister, told the Lok Sabha on June 23 that the Government had decided to set up an export promotion council for oilseeds, oils and oilcakes.

Money unchanged

There was no clearing on the Bombay short-term money market on Wednesday owing to heavy rains and dislocation of transport. On Tuesday the rate was 4½ per cent. In Calcutta money market, transactions were done at 4½ per cent. In the Madras market, the rate ruled at 4 per cent.

Price index up

During the week ended May 29, 1971, the Index Number of Wholesale Prices recorded a rise of 0.8 per cent to 183.4. At this level, the index was only 1.5 per cent above its level a year ago.

Mr Sri Prakasa, a former Governor of Maharashtra and Chancellor of Kashi Vidyapeeth, died on June 23. He was 81.

PEOPLE

LALA Bansi Dhar and Mr M. L. Apte have been elected President and Vice-President respectively of the Indian Sugar Mills Association for 1971.

Mr S. N. Guha Ray has been elected President of the All-India Federation of Master Printers. Mr R. M. Cama and Mr Jagdish Parikh have been elected Vice-Presidents.

Mr Sarat Chandra Sinha has been appointed Chairman of Oil India Ltd.

50 years ago

The world cotton conference has been in session in Liverpool and Manchester from the 13th to the 22nd instant. Representative of nineteen nations the conference was presided over by Lord Emmott. Mr Shute, President of the Liverpool Cotton Association, welcoming the delegates, said that a good understanding between employers and employees was essential to the world's prosperity. Lord Emmott was optimistic in a speech on the subject of industrial troubles he firmly believed that as regards the cotton trade, before long we should need millions of bales of cotton every year. The last conference, the first after the war, and the first of the new series in which the word "world" was introduced into the title in place of "international" was held at New Orleans in the autumn of 1919. The present conference which, while discussing matters affecting the

world's cotton trade, paid visits to mills, works and places of interest was representative of all countries interested in the production, handling and manufacture of cotton in all its phases. It brought together representatives of all branches of the cotton industry in the world except those from late enemy countries. The representation from India was particularly strong comprising the Bombay Millowners' Association, the Madras and Southern Millowners' Association, the Upper India Chamber of Commerce and the Director of Agriculture of Baroda. Egypt had an important delegation, while the United States sent across as many as 200 delegates. Great Britain had 300 and the other countries represented were France, Italy, Czechoslovakia, Norway, Holland, Portugal, Switzerland, Belgium, Spain and Sweden.

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June 25, 1971

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REPORT

THE NATION

From Our Own Correspondents

DIFFERENTIAL INTEREST RATES

Pragmatic bankers and a theoretician

NEW DELHI.

THE committee set up under the leadership of Dr R. K. Hazari, Deputy Governor of the Reserve Bank of India, to examine the pros and cons of introducing differential interest rates has reportedly submitted its study to the Government. Whether it will strengthen the hands of the Finance Minister, Mr Y. B. Chavan, in evolving a policy of lower interest rates for the small and weaker borrowers and higher rates for the more affluent borrowers is not yet clear. An answer to this question would be possible only when the report is made public. Informed sources, however, believe that if the majority (which included all the five banker-members) view prevails there need not be a radical change in the picture. But if Mr Chavan chooses to go with his Chief Economic Adviser, Dr Ashok Mitra, who was on the seven-member committee, the interest pattern would show wide differentials. The issue before the Finance Minister is: Should he respect the views of bankers or of an economist who, from the report, gives the impression of being fully in tune with his (Mr Chavan's) feelings?

There is agreement on the one basic issue between Dr Mitra and the others led by Dr Hazari. It is that in any scheme the banks must not suffer, which means that in the existing conditions they must be assured of a return of 10 per cent on their lendings. This, according to the majority view, can be achieved by having interest rates varying from 8.5 per cent to 10 per cent to preferred classes of borrowers and 12 to 13 per cent for others. Reportedly, it is the view of Dr Mitra that this is arguing for the *status quo*. He himself would like to go in for a spectrum of lending rates where smaller farmers, for instance, are charged a nominal interest rate of 0.5 per cent to 1 per cent though the well-to-do ones would be charged 9 to 12 per cent. At the other end of the spectrum, a section of the trade, for instance, could be charged an interest of 20 per cent. If Rs 50 crores are advanced to the trade at this rate of interest, then an equal amount could be lent to deserving farmers, small artisans and self-employed individuals at a nominal rate.

Dr Mitra's basic point would appear to be that we cannot overlook that nearly two-fifths of the total agricultural community is made up of landless and small farmers holding less than two acres of land. They have to be provided with money at nominal interest. At the same time, it would be necessary to have credit rationing in order to stop the possible misuse of the scheme by the rich farmers. No doubt a scheme of differential lending rates will put additional burden on the banks, but it will have to be faced and a continuous check be kept on the tempo of recoveries.

To the banker-members of the committee all this looked like a theoretical approach. Their point of view was obviously that any scheme drawn must be beneficial, acceptable and practicable, and hence they came to the conclusion that too wide a range of differential would be inadvisable. An unrealistically low minimum would cause a stampede for bank funds, generating pressures which the bankers may not be able to withstand. There was also the possibility of a sharp lowering of the rate causing diversion of resources from the organised to the unorganised sector through re-lending.

Then they were faced also with the issue of how high rates of interests charged by banks in the context of the existing legislation aimed at regulating money-lending. In most States the maximum interest permitted by law for unsecured loans is around 12 per cent. Could the banks then be free to charge interest rates of 18 and 20 per cent, making nonsense of the legislation to control the money-lenders? True, this legislation is often bypassed and money-lenders recover rates of 18 and even 20 per cent. But with banks themselves charging up to 20 per cent the money-lenders would feel themselves free to charge even 30 per cent.

FARM FINANCE

AFC's co-ordinated services for farmers

BOMBAY.

WITH farmers taking to the new agricultural strategy involving the use of high-yielding varieties of seeds and modernisation of farming practices, they are in search of more medium- and long-term finance as also more crop finance. The Agricultural Finance Corporation, a body sponsored by commercial banks, is seeking to meet this challenge. The Corporation formed three years ago has done a significant job in trying to reduce the costs of various services and inputs to the farmers. The Corporation has provided large loans to the State electricity boards. It has helped energisation of 1.06 lakh irrigation wells at an average cost of Rs 2,330 per well. It has persuaded the electricity boards to bring about some improvements in their financial and other operations. This has resulted in the reduction of the cost of transmission per well from Rs 3,000 to Rs 1,600 in some cases and from Rs 4,000 to Rs 3,000 in a few other cases.

During the third year of its working the Corporation approved and sanctioned six proposals involving total finance of Rs 26.92 crores as against Rs 90.06 crores in the previous year. The sanctions include Rs 11.07 crores loan to Maharashtra

This apart, the majority view apparently is there would be repercussions if the interest rate was higher than 12 to 13 per cent. Logically this would have to fall on the bigger borrowers, which means medium and large industry and trade. The argument that substantially higher rates of interest could be easily borne by these borrowers would be valid only to the extent to which they enjoy a surplus because of scarcity conditions or monopoly or oligopoly situation. Higher interest rates in such cases would be socially justifiable. But not every industry falls into this category. In several instances, the scope for transmission of higher cost to the consumer is very great. This is especially there in the case of industry where administered price system permits adequate revision on the basis of increases on the cost, fixed on a formal or informal basis.

From these arguments flowed the majority conclusion that the lowest interest rate to be charged to any borrower should be approximately equal to the ratio that raising and using funds bears to total resources, which on an average works to about 8½ per cent. While, therefore, preferred classes of borrowers could be charged rates varying between 8½ per cent and 10 per cent, banks could charge higher rates for other borrowers. But in doing so they should take into account what is permissible by law or what is indicated by the Reserve Bank and also the broad principle on what the traffic can bear. Banks cannot also overlook the overall consideration of maximising profitability. □

State Electricity Board for energisation of irrigation pumpsets, and Rs 11.84 crores for financing individual farmers for land development and land reclamation purposes in Kota and Bundi districts of Rajasthan. The Corporation has also agreed to finance development of areca nut gardens in Coimbatore district at a cost of Rs 12.25 lakhs. There are also certain innovations. It has started a project for the integrated agricultural development at Jalna in Aurangabad district of Maharashtra. This involves co-ordinated service and supplies to farmers utilising the loans from the banks.

A significant feature of the Corporation's operations is the setting up of risk stabilisation funds in the projects involving sinking of 5,000 wells in Raipur district in Madhya Pradesh and 3,000 wells in Jalna in Maharashtra. In the case of Raipur project it has been assumed that a total of 20 per cent failures may have to be dealt with. On an initial investment of Rs 5,000 per well this involves a potential loss of Rs 5 lakhs. The stabilisation fund would be of the order of Rs 8.72 lakhs. This includes Rs 1.40 lakhs from banks, Rs 60,000 from the farmers in the form of premium, four per cent con-

tribution by pumpset manufacturers on their sales (Rs 480 lakhs), fertiliser credit extended to the farmers (Rs 112 lakhs) and Government contribution (Rs 80,000). This should help the financing institutions to enter into the field of financing well-digging operations in the absence of geo-hydrological survey reports. The balance in the fund after meeting 50 per cent of loss on wells will be available to the input manufacturers for meeting expenses incurred in the servicing of pumpsets, and for fertiliser agencies to meet the cost of extension services.

Prof M L Dantwala, Chairman of the AFC, has said that the Corporation has still to resolve some issues with the banks in regard to area development schemes. Though the Corporation has evolved uniform documentation and procedures in respect of the area development projects they have not been accepted by all the banks.

PUNJAB

Mandis creak under bumper wheat output

CHANDIGARH

THE wheat-producing States of Punjab and Haryana have always been ready to take up the cudgels on behalf of the farmer when it comes to the fixing of procurement prices. Their anxiety that the cultivator, who made it possible the ushering in of the green revolution in wheat, should receive a fair return is understandable. Between 1967-68 and 1970-71 Punjab's wheat output has increased from 33.52 lakh tonnes to an estimated 50 lakh tonnes and that of Haryana from 14.66 lakh tonnes to 22 lakh tonnes. The two States are also the main sources for building the wheat reserves. Out of every four bags of wheat procured, three come from these two States, and it is therefore important also from the point of view of the consumer that the farmer receives what is rightfully due to him.

A recent study by the Punjab Agricultural University however brings out that he is being let down not so much because the procurement prices are low but because the State authorities have yet to awaken to the fact that marketing is as important as production. If there are bottlenecks in the marketing system it is the farmer who suffers as also the consumer. The university points out that the arrivals of the surplus wheat in the grain markets of Punjab have more than trebled since 1967-68. But the mandis are incapable of handling the goods received. In Ludhiana market, for instance, 23 per cent of the wheat arrivals continued to be sold outside the market yards for 35 days. In Jagraon, another marketing centre, sales were conducted in mill premises, in front of houses and even at the railway station yards.

New procurement centres were opened in villages and small towns on road sides but these centres lacked watch and ward arrangements and storage facilities. Additionally, there were no banking facilities, and electricity could not be provided. This naturally led to pilferage and wastage besides causing inconvenience to the farmers.

Shortage of labour led to the demand for extra payment from farmers for packing, stitching and stocking the wheat bags. Bags were stitched at 7 to 10 centres only instead of the normal 14 to 16 places caus-

ing spilling of grains in transit. In 1969-70 there was a shortage of gunny bags and poor quality bags were used. Four to five per cent of these bags were damaged in transit. The report also highlights some of the malpractices which came to notice in 1968-69. The rejected produce was purchased at abnormally low prices and was later offered by traders to the purchasing

agencies in other markets in the name of fictitious farmers. Quality produce remained at disadvantage. For instance, in 1970-71 a lot containing 36 per cent total refraction was priced at Rs 76.10 per quintal, but another lot containing 14.25 per cent refraction was priced at Rs 75.75 per quintal. This did not give any incentive for cleaning or preparing the produce in the market.

THE Congress (R) leadership is faced with a number of problems, caused by the group rivalries in the various State units of the party. In Bihar, rivalry between Mr Daroga Rai and Mr R S Yadav has reached a point which might give anxious moments to Mr Bhola Paswan and his ministers. If the PSP Chairman, Mr N G Gorry succeeds, in persuading his followers in the Bihar Assembly to get out of the ruling united front there, the continuance in power of the Bihar Ministry would be in doubt. If on top of this, the faction fight in the Congress (R) is escalated, the threat to the Ministry will be all the greater.

In Kashmir Mrs Gandhi is reported to have failed in resolving the differences dividing the two factions in her party—one headed by the Chief Minister Mr G M Sadiq, and the other by Mir Qasim the PCC President. This is all the more unfortunate because that State is today faced with big challenges as a result of deterioration in the relations between India and Pakistan. In Gujarat too though outwardly the conflict among the group leaders who have now joined the party of the Prime Minister has been patched up there are reports of persistence of intense rivalry among them. As both Kashmir and Gujarat have to face the election to the State Assemblies in the near future these rivalries are ominous.

In all these instances, the real problem is concerning ripeness relation to the rival groups in the State cabinets. In Bihar and Gujarat the groups are divided more or less on caste lines. Regional rivalries also play a part and this makes the central leadership's position all the more difficult. There seems to be no easy way out of these faction fights unless the Prime Minister feels himself strong enough to put her foot down and impose discipline in pain of severe disciplinary action in case the unseemly fighting continues. Till now she has used the carrot-and-the-stick technique as the circumstances demanded it. This has not helped in resolving the conflicts. But if the Congress (R) hopes to make an impressive show during the State elections something will have to be done immediately before there is any sign of revolt from the petty groups.

The decision of the Praja Socialist Party and the Samyukta Socialist Party to merge into a single party to be called the Socialist Party has been generally welcomed. The merger decision is yet to be approved by the conventions of the two parties to be held shortly. But it is expected that there would be no difficulty at that level and that the merger decision would go through. The general welcome extended to this decision is with the hope that the nucleus

POLITICS TODAY

thus formed would attract other socialists in the country divided among small parties, to flock round the banner of the Socialist Party and that in course of time it would be possible to bring all those who subscribed to the socialist principles into this party. Mr Goray hopes that the merger will have an impact on the thinking of democratic socialist elements in the Sanjivayya Congress. There do not appear to be any immediate chances of the break-up of the Congress (R) on these lines. But in case serious ideological split appears in that party the radical elements have now a place to go to.

The draft agreement signed by the representatives of the two parties states that the united party will eschew politics of the united fronts with the parties opposed to nationalism, democracy, secularism and socialism. It views the post-election Congress (R) as the old monolith comprising elements of diverse political perspectives and as such bound to belie the hopes and expectations raised in the minds of the common people during the mid-term poll. The agreement agrees to build an effective organisational instrument which will lead the people's struggle for economic equality, social mobility and meaningful participation of the people in building a socialist society.

These formulations of the task of the new party clearly reflect the disillusionment of both the parties with the policies of electoral adjustments which they had tacitly or openly adopted during the Lok Sabha mid-term poll. It remains to be seen however, whether the two parties along with a few other minor socialist parties will be able to build up an organisation that would inspire confidence among the people as an alternative to the Congress (R). The main task will be to build up a platform which clearly distinguishes the policies of the new party both from those of the Congress (R) and of the two communist parties. There is no likelihood of any confusion in the public mind regarding the stand of the party vis-à-vis the Swatantra Party and the Jana Sangh. It will be quite easy for the new party to make the distinction clear. Will the party however succeed in building up a clear, distinctive image from those of the Congress (R) and the two communist parties? The credibility of the Socialist Party would depend upon its success on this point.

—Rohit Dave

No doubt one or two problems have been tackled. Even till 1968-69 almost all the wheat was carried in bullock carts from the market to the railway stations. This led to accumulation of stocks, to overcome which lifting of the stocks is now done by trucks. The Food Corporation of India and other procuring agencies have also begun gearing their purchasing operations to the new periods of peak arrivals. Till four years ago the maximum daily arrivals were between June 4 and June 19 but the peak arrivals now begin from the third week of May itself. This should be the explanation why this year the total procurement of wheat has already crossed the four-million tonne mark and that, too, quite early in the season.

But the Punjab University study suggests that there is still no co-ordination among the three purchasing agencies—the FCI, the State Government and the State Co-operative Supply and Marketing Federation. These three are required to operate turn by turn and each of them maintains its offices, transportation arrangements and other establishments in each market and also at district headquarters. This adds to overhead costs which could be avoided if the three agencies are allotted different areas or one agency procured all the wheat. According to the university this will facilitate mechanisation because a single agency would be in a better position to install elevators, graders and other equipment. In fact, the study suggests that

mechanisation of lifting, sewing and weighing operations is now as important as the harvesting of the heavy crops through combined harvesters.

The university study would like the procurement be done in the villages through the village co-operative societies. This will mean additional expenditure on construction of proper godowns in the villages but it would allow linking of credit with marketing. The lesson the report holds for the authorities in Punjab and Haryana is that, instead of concentrating all their efforts on securing higher procurement prices for the farmers, the interests of cultivators would be better served by a drive for the creation of a modern marketing system. □

REPORT

THE WORLD

From Our Own Correspondents

US-CHINA TRADE

Embargo off to Hongkong's benefit

HONGKONG.

PRESIDENT Nixon's announcement last week lifting the two-decade-old China trade embargo has sparked a new debate in this gateway to China—how soon will Americans and Chinese start trading? The answer to the question is as unpredictable as enigmatic China.

The reaction of American businessmen in Hongkong and in the US has so far been lukewarm to Mr Nixon's most magnanimous move—part of a series he started in July 1969 with a surprise announcement allowing American tourists to take home US\$100 worth of Chinese goods. The most common reaction among Hongkong's nearly 400 American businessmen was: "It depends upon what response the new Nixon move will draw from Peking." In the US, Mr Benjamin Weiner, President of Probe International, a China trade consulting firm, has commented that direct trade "is going to be a very slow process".

American businessmen and the 350-strong American Chamber of Commerce in Hongkong has lately been very active in probing the China market. During the Canton trade fair in last March over 100 American businessmen had applied to the China Travel Services, a Peking-controlled agency in Hongkong, for entry visa to China. The American Chamber early this year established a China trade sub-committee to examine trade possibilities between its members and the Chinese. This month the committee completed a survey among the Chamber's 223 voting members to find out their feeling on China trade. The committee has found strong support for direct trade links with China though a powerful and influential section opposes it for fear of losing investments and market potential in Taiwan.

China trade supporters admit that it will take some time before they could establish direct and regular trade links with Peking. The growth rate of the

China market also will be slow. It could within the next three years reach a total of \$50 million—the level reached in 1950 before the US enforced a total trade ban on China when the Chinese People's Liberation Army marched into the Korean war front in support of the North Koreans. In the next 10 years the trade may rise to \$250 million in each direction.

This, however, would be a paltry sum compared with the Japanese share of the market which by the end of this year is likely to hit \$1,000-million-mark. In the next ten years this figure could easily double. This Japanese drive in the China market as well as stiff Japanese competition elsewhere are becoming a major concern for both American policy-makers and American corporations that already feel the pressure in Western Europe from the growing strength of the European Economic Community and its protectionist policies. Asia's largest trading post, Hongkong, meanwhile is virtually dominated by Japan while China takes the second rank among Hongkong's suppliers. The problem posed for the Americans by the growing Japanese economic power was highlighted recently by Mr Orville Freeman who was the US Secretary of Agriculture in both the Kennedy and Johnson Administrations for eight years.

Addressing an American Chamber of Commerce gathering in Hongkong a few weeks ago, Mr Freeman said the technological progress in Japan today was as good as in the US. This is what worries the Americans and forces them to settle with China—the world's largest consumer market. The American approach towards the market potential in China was explained thus by one American executive: if his firm could sell one aspirin pill a day to every Chinese, that will make a market for 700 million aspirins a day.

But this American desire to capture the China market will not succeed with-

out an equally positive response from Peking. Although the visit of the American table tennis team to China in April has, in Mr Chow En-lai's words, opened "a new page in the history of relations of the American and Chinese peoples" Peking has not responded to the latest Nixon overture. No one in fact expects Peking to respond directly. The reasons are many. First, China has learned to live without trade with America during the last 20 crucial years of her history. At the same time, there has been no difficulty at all in obtaining through third countries whatever selected American products she needed.

Although some optimistic Americans hope to get invitations to the next Canton fair in October, some astute observers believe that China will continue to follow the policy of indirect trade for quite some time to come using Hongkong as the main outlet. In such an event Hongkong will not only become a clearing house for Chinese exports but it will take a much more important role of a processing centre for China.

Certain latest developments have added strength to this belief. Only a few days before Mr Nixon lifted the trade embargo, the Hongkong-based pro-Peking Chinese General Chamber of Commerce in a statement condemned the US move to control textile imports from Asian countries, including Hongkong. The Chinese Chamber, unlike other trade organisations, has not been so active in issuing statements in support of the Hongkong industry. But what dictated the Chamber to denounce the US textile quota plans, it is believed, was the anticipated announcement from Mr Nixon. Before the embargo was lifted, Hongkong's exports to the US had to be cleared through a Comprehensive Certificate of Origin (CCO)—a certification system imposed in 1953 on the request of the US as a deterrent against Hongkong manufacturers supplying goods to the US market using Chinese raw materials. But the CCO has now been cancelled. This move was welcomed by Hongkong manufacturers.

with jubilation. One of them said that both textile and wig manufacturers would find it a great relief from rising cost of production, for Chinese grey is some five to ten cents cheaper than other greys while Chinese human hair is far superior to that coming from other sources—particularly

India and Indonesia. It is also believed that pro-Peking Chinese businessmen in Hongkong may now be encouraged to set up production lines to cater to the US market. These would certainly build up China's exports to Hongkong which last year hit a record high of HK\$ 2,830.4 million. □

China woos Malaysia

KUALA LUMPUR.

THE trail blazers are back home from Peking and the mood in the Malaysian capital is not dissimilar to the exultancy that marked the early "Hindi-Chini bhai bhai" days. Except, of course, that the Malaysians appear much more pragmatic, have a system of priorities and are not prone to count the chickens before they are hatched.

The 19-man trade mission, the first organised team to visit China for 15 years, has brought back enough good tidings to make even the incorrigible pessimist to take heart and sing. "The best piece of news this year commercially," as the Minister of Commerce and Industry, Mr Khir Johari, put it, is that China might buy 150,000 to 200,000 tons of Malaysia's natural rubber annually at average world prices. Apart from helping to stabilise the price of natural rubber, such substantial oftakes by China would help neutralise the threat posed by large-sale releases of American stockpile.

If China lifts even the lower figure, it would be a tremendous improvement over the present performance. China's imports of Malaysian rubber dropped to 49,600 tons last year, compared to 90,000 tons in 1969 and an average of 150,000 tons in the 1966-68 period. Malaysia's gain may be at the expense of Ceylon, who sells her rubber to China under a barter arrangement. A Chinese rubber mission is due here soon to examine in detail the problems involved in the purchase of rubber and its direct shipment to China bypassing Hongkong and Singapore. China has also offered to buy up the entire stockpile the Malaysian Government holds, estimated at between 4,000 and 10,000 tons, and a Chinese mission is already in Kuala Lumpur discussing terms.

It is likely China may provide the substantial markets Malaysia has been seeking for her growing production of timber, copra and palm oil and thus redress the unfavourable balance of trade. Last year Malaysia's exports to China were worth only M\$66 million (about Rs 15.5 crores) while Malaysia imported from China goods worth more than M\$200 million (over Rs 47 crores), mostly foodstuffs.

Malaysia intends to continue and even increase imports from China. These imports will be handled by the Government-sponsored National Trading Corporation because China, which handles her foreign trade through the Overseas Trade Promotion Council, would prefer to deal with a single body. Government circles here also feel that importing through the NTC would help keep a check so that her industrialisation programme will not be affected.

But what is, perhaps, more important is that the trade mission, which had only

an unofficial status, was received by the Chinese Prime Minister, Mr Chou En-lai, who spent almost an hour with them. And he seems to have won the hearts of the Malaysians by his charm, civility and courtesy. Mr Chou En-lai's gesture in asking the mission leader, Tengku Razaleigh, to convey his good wishes to the Paramount Ruler and Prime Minister, Tun Abdul Razak, further endeared him to the visitors. Tengku Razaleigh was naturally in good spirits when he addressed newsmen here on his return from China. He gave only a general outline of his talks with Mr Chou En-lai but later reported in detail to the Government leaders. And the reaction was optimistic.

Tun Razak said he was heartened by the Chinese Prime Minister's assurance that Peking respected the sovereignty and independence of other countries and that China would not interfere in their internal affairs. On a more personal level the Tun was happy to hear that Mr Chou En-lai had responded favourably to his proposal to neutralise South-East Asia under a guarantee by the big powers, including China.

Equally hopeful was Wisma Putra (Foreign Ministry). A seemingly common usage, but a very meaningful one for Wisma Putra, was that throughout the mission's tour of China, it was referred to as a "Malaysian" mission and Mr Chou En-lai also spoke of "Malaysia". Why this is significant is that till now Peking had been consistently referring to Malaysia as "Malaya", ignoring the formation of the Federation (of Malaya, Singapore, Sarawak and Sabah) eight years ago, and the subsequent separation of Singapore into an independent State. The banned Malaysian Communist Party (MCP), whose remnants are still waging an armed struggle for the "liberation" of "Malaya," and the pro-Peking Socialist Front of Singapore refer to this country as "Malaya." Even a report after the return of the mission that Peking Radio was still referring to this country as "Malaya" has failed to dampen enthusiasm and the feeling here is that this is a matter of time.

Unlike countries such as Canada or Italy, Malaysia has more problems when it comes to establishing diplomatic relations with Peking. Which explains why Tun Razak said he was in no hurry to set up diplomatic ties but would wait to see trade relations develop into more friendly exchanges. He probably had in mind the 25-year-old communist insurgency, whose hard core, including its leader Chin Peng, began stepping up activities in the border region three years ago. The May 1969 racial riots was a shot in the arm for the sagging morale of the MCP. There were fears that disgruntled Chinese youths might find their way into the ranks of the

"liberation army", but these apprehensions have been proved to be rather exaggerated.

More important is the question of Malaysia's Chinese community. Accounting for almost 40 per cent of the population, and economically more affluent than the indigenous Malays, this vigorous group remains unassimilated. The Malays and Chinese operate on entirely different wavelengths and till the riots two years ago, there was no adequate appreciation of the wide gap that separated the very thinking of the two major communities. Some efforts are now under way to reduce the gap all round and orientate the Chinese towards a Malaysian society.

Policy makers in Kuala Lumpur believe that some kind of understanding with Peking would help sort out both these issues. It is realised that Peking might be in no position to wind up the border insurgency just like that because the patronage the communists enjoy appears to be limited to ideological support, with no material assistance forthcoming. Yet, if Malaysia cultivates good relations with Peking, the MCP will find it hard to convince all but the dwindling hard core that the country needs to be liberated.

But the impact of better relations with China will be more marked on the Chinese population. In this regard Mr Chou En-lai's reported remark to a Chinese member of the mission that Malaysian Chinese must have complete loyalty to Malaysia and should not look to China as their homeland might lead to some heart-searching here. Mr Chou En-lai's call to the overseas Chinese in general to show their loyalty to their adopted country is a serious departure from the official Chinese position that all overseas Chinese are *ipso facto* Chinese citizens. A dogmatic example of this was the strife in Burma between the Burmese and the Chinese in Rangoon and other cities not long ago.

How important this emotional appeal could be was demonstrated when a pro-Peking dramatic troupe from Hongkong visited Malaysia recently. Tickets were booked out days ahead and people queued up for the whole night at the theatres to buy the few remaining tickets. Thousands poured into the streets just to have a look at the troupe members. The near-riot situation almost alarmed the Government which had allowed the visit in an apparent effort to boost the fortunes of the Malaysian Chinese Association, a partner in the Government, after its disastrous rout in the 1969 elections.

That Malaysia should seek to normalise her relations with her powerful neighbour is only legitimate. It was not attempted before partly because of the strong pro-Western stance of Tunku Abdul Rahman, the former Prime Minister, and partly due to China's own belligerence. And Malaysia has noted that almost every country is joining the queue. Even the solidly pro-American Thailand has revealed that she has been putting out feelers to China since the last three years, whereas a Philippine trade mission beat the Malaysians to China by a week or so.

There is no sign yet of any irrational haste here to get on to the China bandwagon and claim to be "one-up" in this favourite South-east Asian game. But it likely that the trail hit by traders might soon be trod, gently though, by officials and diplomats. □

BUSINESS REPORT

From Our Own Correspondents

INDIAN AIRLINES

Break-even only at 82 per cent load

NEW DELHI.

IN November 1969, the Government allowed the Indian Airlines to raise its fares by 8 per cent on the routes served by Caravelles, by 5 per cent on the non-jet eastern routes and by 7 per cent on all other routes. And now, within eighteen months, it has permitted a further increase of 15 per cent in the fares on all domestic routes except those in the eastern region where the rise is 7 per cent. Thus, in a matter of one and a half years, air travel in this country has become costlier by nearly 25 per cent generally. It would have cost much more had not the Government mercifully scaled down the demand of the Indian Airlines for a 28 per cent hike this time to 15 per cent.

The increase in air fares since the end of 1969 by any reckoning is unconscionably high and what is worse is that this abnormal rise should have occurred during a period when the users were most harassed by lock-outs and lightning strikes in the IA and the lack of decency and discipline among its employees even when they were at work or rather at work-to-rule which is a euphemism for go-slow. It could get away with all this and make the travelling public pay the price for its inefficiency and sloth just because it is a monopoly.

The fact that the Government was prepared to grant the IA only a 15 per cent increase in fares against practically twice this sought by it is a measure of its lack of satisfaction with the IA's performance. This is not to say that there was no case for raising air fares to some extent and, indeed, some of the grounds adduced by the IA are reasonable. Four of the major components of its cost structure, namely, fuel, wages, spares and insurance, which together account for 70 per cent of its total operating expenses, have gone up steeply during the last two years. Fuel expenditure is estimated to have gone up by 14 per cent from the 1969-70 level of 28 per cent of the operating cost. Because of the higher excise levy, the difference between the IA's fuel expenditure and that of airlines in other countries has been widening rapidly. Its fuel cost now stands at 5.7 paise per seat kilometre against an average of two paise in the case of other airlines. The recent increase in crude oil prices is likely to increase the burden further. There is, therefore, a good case for affording some measure of relief to the IA by reducing the excise levy on fuel. But would the Government, so hard pressed for resources, be prepared to forgo such a lucrative source of revenue?

The prices of spare parts which are mostly imported are reported to have gone up by 15 to 20 per cent during the last two years. The increase in customs duty on imported items proposed in the Budget

this year will further push up their prices. Insurance rates which are generally rising will increase by another 25 per cent because of the IA's decision to insure its jet fleet against hijacking risks. This, it is estimated, will involve an additional burden of Rs 1 crore. Further, there have been increases under other heads of expenditure such as catering, rental and uniforms for staff, which have gone up in tune with the inflationary trends in the economy.

On top of all these are the wage increases that the IA will have to pay. The recent agreement with the Air Corporation Employees Union which accounts for 6,000 out of the 14,000 workers of the Indian Airlines—the remaining employees belong to three other unions—will entail an expenditure of over Rs 1 crore during the last two years as the agreement has retrospective effect from April 1, 1969, and Rs 1.54 crores in the current year. But this is not all. As a result of the proposed revision of wages for the remaining employees, the total wage bill of the IA is estimated to increase by Rs 4 crores in 1970-71, while the arrears of wages that will be payable on this account will be Rs 6.5 crores. All this is due for payment in the current year.

The Indian Airlines' case for an upward revision of fares rests on two other grounds: (a) to enable it to attain an economic level of operation, and (b) to generate resources from within for financing its expansion and modernisation programmes. It is true that its high operating costs have pushed up its break-even load factor (BELF), that is, the minimum load that an airline has to carry in order to avoid losses and, if possible, make some profit. At the end of 1969-70, the BELF in the case of the IA was 75.5 per cent and it is estimated that at the close of 1970-71 it had increased to 82 per cent. On the other hand, airlines in other countries, especially the advanced ones, have been able to cover all costs with a load factor of 55 to 60 per cent. In other words, the IA would have suffered greater losses if it had load factors which were sufficient to make the other airlines break even, if not make profits.

As regards future expansion, there will be agreement with the IA's assessment that, as a result of the economic resurgence of the country, the increasing volume of tourist travel and other factors, the growth rate of air traffic will increase much faster than hitherto. Even now, in spite of a load factor of over 80 per cent, not less than 13 per cent of the traffic is turned away on a number of sectors because of heavy congestion. All this underscores the need for considerable augmentation of carrying capacity. Along with this, new stations will have to be opened to provide the faci-

lity of air transport to new areas and a wider section of the public.

Modernisation should go hand in hand with expansion. Improvement of the telecommunications system, introduction of sophisticated reservations systems, mechanisation of baggage handling and a host of other things will be necessary to cope with the growing volume of traffic. The implementation of these plans will require large sums of money. These must come largely from the IA's internal resources. Some loans will also have to be raised from foreign banks to meet its foreign exchange requirements. Its creditworthiness abroad will depend on its ability to make profits or at least break even, which, in turn, will depend on the resources it can raise from within.

But why should the travelling public be made to contribute so much to the resources of the IA through abnormal fare increases? It would have accepted a reasonable increase in fares if this had been warranted by the rise in the prices of items required by the IA, wage increases, improvement of passenger amenities and the like, as, indeed, they have. But proof is not wanting to show that the IA's high operating cost is the result of inefficiency and bad industrial relations also. As for inefficiency, the air traveller in this country knows this to his cost. He has also been made to pay the price for inept and unimaginative handling of labour problems. The lock-outs and work-to-rule tactics of the unions during 1970-71 resulted in a revenue loss of about Rs 4.20 crores and the anticipated profit of Rs 3.44 crores during that year was converted into a loss of Rs 4.65 crores.

The Indian Airlines has justified the fare increase on the ground that the revised fares are still below that of other domestic airlines. This may be so, but what is relevant is to compare the increases in the fares of the IA with those effected by the latter over a period of time. Surely, none of them could have raised their fares by as much as 24 per cent in 18 months as the IA did. Of the passengers carried by the IA, generally 85 per cent are Indians and the rest are foreign tourists. The IA has argued that since 90 per cent of the Indian passengers travel on Government or business account, the fare hike will not affect a large majority of its users. But this will certainly impose a burden on the Government and the companies.

There has been constant clamour by the public for economy in Governmental spending and it is admitted on all hands that one of the areas where there is considerable scope for economy is air travel by officials. Now, thanks to the IA, the contrary will happen. Similarly, the companies will have to make larger provision for air travel by their heads and executives which will certainly tell on their costs. The solution to the IA's problems lies not in raising fares and freight rates indiscriminately, but in setting its own house in order. □

EXPORTS

TDA's first anniversary

NEW DELHI.

THE Trade Development Authority held its first annual general meeting in New Delhi last week, but its effective operational period has been only six months, for it was towards the end of last year that it began work in earnest. But within this short span it has done much to justify the expectation that it will effectively play the role intended for it in the export effort. Until last year a major deficiency in the institutional framework for export promotion was the absence of an agency to provide personalised services to individual exporters at one place. TDA was set up by the Foreign Trade Ministry to pay specific attention to the product rather than the product line, the exporter rather than the exporting community and the particular buyer rather than the export market.

Accordingly, TDA has selected about 100 items which can be developed for export to Western Europe, the UK, the US, Canada and Japan. It has also made a selection of units which have the capacity or the potentialities to produce some of these items as per the high standards required by these countries. An idea of the enormous scope for stepping up the export of these items can be had from the fact that they account for Rs 2,250 crores of the world trade annually. India's exports of these products amount to only Rs 6 crores per year. But if the potential she has can be translated into actual exports through sustained efforts to develop these products and enterprise in marketing them, an annual earning of Rs 50 crores from their export to the advanced countries is a distinct possibility within the next three years or so.

Recognising this, TDA has worked out a package servicing plan to provide all the inputs required for export production and marketing to selected units which form part of its clients. The highlight of the plan is the import of technical samples and critical raw materials for the preparation of counter samples by the selected units. A special allocation of free foreign exchange has been made for this purpose. TDA is also developing its foreign market intelligence service by linking up with reputed sources of intelligence like JETRO, the World Trade Centres Association and the Development Enquiry Service of OECD.

As a result of the contacts which TDA has helped to establish between Indian producers and foreign buyers, firm contracts for the export of alloy iron and steel castings, electronic components, hand tools, stainless steel cutlery and bicycle parts worth about Rs 2 crores have been signed. That these are the precursor to bigger orders is evident from two developments: (1) TDA is at present processing inquiries from buyers in West Europe, the UK and the US for the import from this country of Rs 10 crores worth of automobile ancillaries annually; and (2) It is liaising with two of the leading department stores in the United States for the

Power shortages

MR J. S. Zaveri, President of the Indian Electrical Manufacturers' Association, has urged the setting up of at least one million kw of additional power generating capacity during the next year through installation of a large number of medium and small capacity generating plants such as gas turbine diesel generating sets. He has suggested that the Union Government should make additional funds available for the purchase and installation of these plants at suitable locations. If necessary, the Government should also consider importing generating plants as a temporary measure. Even as this emergency step would partly mitigate the adverse effect of the shortfall in power generation, Mr Zaveri has suggested that the Government should plan and give firm sanctions for projects that would be undertaken in next 20 years, so that lags in implementation leading to slowing down of industrial production are minimised. Referring to the electrical industry as the biggest sufferer due to power shortages, Mr Zaveri has complained that the levies imposed in the Finance Bill 1971 such as import duty on copper, increase in the import duty on CRGO steel sheets and other constructional steels, and on lead and insulating materials are likely to increase the cost of electrical equipment by 10 to 15 per cent.

Export freight rise

MR G. V. Swaika, President of the Eastern India Shippers' Association, has said that the India-UK Conference has gone back on agreements in principle arrived at earlier by raising freight rates by 15 per cent from June 1, 1971. The few concessions the Conference has so far announced are meagre and would benefit a fraction of Indian exports to the UK and the Continent. A majority of the important export items, he says, will come under the purview of the 15 per cent general freight increase and severely affect the exports from eastern India. Mr Swaika feels that the Government should take appropriate steps to safeguard national self-interest in regard to shipping.

Mineral exploitation

Mr Umashankar Agrawal, President of the Federation of Mineral Industries, says that in cases where the Government's financial ability does not permit it to set aside adequate funds for mineral exploitation private parties should be allowed freely to exploit and develop even those minerals reserved for the State under the Industrial Policy Resolution. He also wants adequate security against expropriation so that long-term development may be undertaken and plans framed accordingly. With a view to preventing private monopolies and concentration into a few hands, he says, the State can introduce a sort of healthy competition between the private parties and, while granting leases, adopt the criterion of productivity, efficiency and performance

BUSINESS OPINION

of a party. This, according to him, is necessary not only to ensure exploitation of the large chunks of areas bearing minerals which now lay waste but also to maximise production and create exportable surpluses in minerals.

Copper control order

Mr Nandlal C. Shah, President of the Bombay Metal Exchange Ltd, wants the Government to withdraw the Copper Control Order restricting the use of copper and the newly imposed and existing duties both of which, he says, are likely to hit the industry, large as well as small. He has pleaded that regular arrangements should be made for the import of adequate quantities of non-ferrous metals which are vital for the growth of the non-ferrous metal products-making industries and for their exports. In this context, he has supported the idea of having a buffer stock of non-ferrous metals so that the actual user-industries can get their requirements off the shelf without running the risk of violent price fluctuation.

Wagon building capacity

Mr R. Subramanian, outgoing chairman of the railway wagons and components division of the Indian Engineering Association, feels that there is vast scope for product diversification in the wagon building industry. He has cited freight containers, pallets and LASH barges as items that can be manufactured by the wagon builders. In his opinion, the long-term solution to the industry's problems lies in its freeing itself from the present position of being a "one-product one-customer" industry always looking to orders for wagons from the Railway Board. While exports could be a means of utilising the industry's capacity, he feels that a sound home base is essential. In this connection, he says, his Association's earlier suggestion to the Government for setting up a shipbuilding yard at Haldia would provide the wagon building and structural fabricating industries with a useful workload.

National road board

Mr K. Hariharan, President of the Federation of Indian Automobile Associations, wants the setting up of a national road board to look after the interests of proper development and maintenance of roads and motor transport. Although during the Fourth Plan period, the revenue from road transport is expected to be around Rs 3,795 crores, he has complained that the Government has provided only Rs 829 crores for construction and maintenance of roads. He wants this amount to be raised at least to Rs 1,500 crores in order to enable the country to have a reasonably good system of road communications.

sale of items like readymade garments, transistor radios, sports, light roadster bicycles and infant sleepers, and the prospects are that Rs 12 crores worth of these will be sold annually through them.

TDA is also pioneering a bonded processing and warehousing project to facilitate the export of electronic equipment and components. Land is being acquired near Santa Cruz airport in Bombay for locating the project which when commissioned is expected to bring a foreign exchange earning of Rs 375 crores per year. This apart, TDA has undertaken pre-investment feasibility studies and the preparation of project reports in respect of six products for which export opportunities have opened up but cannot be availed of because of capacity constraints. After the project reports are prepared, entrepreneurs will be selected to establish the necessary capacity for producing these items which include plastic moulds and dies, sports goods, printed circuits and other components for electronics, mini motors for toys and components for sports and racing models of bicycles. Thus the TDA's many-sided activities distinguish it from other export promotion agencies. It has made a good beginning and holds out promise of bigger achievements in the export field in future. (See also *Export Angle*) □

CEMENT

Not by wagon shortage alone

BOMBAY.

THE developing shortage in cement in the northern States such as Punjab, Jammu and Kashmir and Himachal Pradesh as also in the city of Bombay has prompted the Cement Manufacturers' Association to come out with its own view of the matter. The President of the Association, Mr R. D. Shah, has placed a substantial part of the blame for this shortage on a severe shortfall in the availability of railway wagons. Wagon shortage is not particular in the case of cement; it has hit many other industries as well. And we have it on the authority of the Cement Controller that even last year movement of cement had been handicapped by varying degrees of wagon shortage. This year, too, the Controller has been keenly aware of the shortage and has been holding consultations both with the Railways and with the industry in order to mitigate hardships caused to the public because of paucity of cement in the market.

On the other hand, one also finds that

in spite of the blocking of a large number of wagons in the eastern region consequent to the refugee influx from Bangla Desh, not to speak of the wagon requirements for the movement of rabi crop from Punjab, Haryana and Uttar Pradesh, the Railways during the past four months of this year have been able to transport some two lakh tonnes more of cement to the northern region than in the corresponding period of last year. The figures given by Mr R. D. Shah would appear to tally with this claim of the Railways. As against the availability of around 1.3 lakh wagons during the first four months of last year, the cement industry was able to avail itself of 1.9 lakh wagons up to April this year.

Yet, if the industry feels more inhibited than before, the reason for this, according to Mr Shah, is that the cement capacity by now has increased by 11 lakh tonnes to 64 lakh tonnes, and comparable wagon availability has not been forthcoming. Curiously enough, however, even in the last quarter of 1970, by which time most of the additional cement capacity had been commissioned, the wagon availability rose only to 1.6 lakhs. This only goes to weaken the argument of the CMA that the cement shortages are mostly because of the shortfall in the availability of wagons. That the quota of wagons fixed by the Railways for cement movement for Janu-

Idle insurance funds

By Our Insurance Correspondent

IT appears unlikely that the Government will delay the nationalisation of general insurance till after the amendment of the Constitution to regulate the compensation for take-over of property rights. An amendment of the Constitution is a long-drawn process and subject to challenges in a court of law, which may delay it indefinitely. Under the present political situation, it is considered advisable to continue a tempo of apparent activity.

Actually, once the management of companies is taken over, no further benefit can accrue by hastening the process of nationalisation. It is true that every day the private sector has to be paid compensation for the take-over of management till the day of ultimate take-over of the assets and liabilities of all companies. But this temporary compensation could be much less than the possible loss which might accrue ultimately to the Government after the shareholders have been paid off in the case of some of the companies. That a company like the New India Assurance Company will have to be paid about Rs 10 crores is certain; what is not so certain is whether the new organisation will continue to make commensurate profits to justify the investment. It could even make more profits than before because the cost of competitive procurement should go down. But much depends on the morale of the staff at all levels and the dedicated work which professional managers can put in. Brain drain to other professions and countries is not likely unless conditions are made very frustrating.

There is a great virtue in the present maintenance of *status quo* in the industry insofar as it has not produced any insecurity. But apprehensions about the future have made the employees rather restive and it would be very appropriate for the Government to make an announcement that the present terms and conditions of employment of all employees will be fully protected or improved except in the case of non-existent inspectors and organisers or officials with overall benefits exceeding say, Rs 5,000 per month.

The ways of the public sector are undecisive and absence of any decision-making powers at the custodian's level has resulted in a standstill of various sorts. All the insurance companies' funds accrued since nationalisation are lying idle because no decision is yet taken about the investment policy. Even fixed deposits in banks could not be made till recently. The Finance Ministry has named four chief custodians for overall control of all the companies at the four major centres of Bombay, Calcutta, Madras and Delhi. A sub-committee for the overall guidance of the numerous custodians at each centre has also been formed. But no new guidelines or policy decisions have come out of their deliberations among themselves or confabulations with Finance Ministry officials.

An inspired report from New Delhi has appeared in the press about dummy appointments of field officers. Screening them is going to be a difficult and long-drawn process and it would be best not to meet trouble more than halfway at

this stage. There are many better ways of showing desirable movements. There is likely to be a spate of anonymous letters addressed by malicious persons for the character-assassination of senior officials. It would be much more practical to look to future progress on correct lines without any post-mortem.

The negative attitude of the Government has resulted in the non-distribution of dividends to shareholders for 1970. Similarly, the bonus for the staff for last year has fallen between the two stools of the old and new managements. It would be psychologically important to add some grace to the whole show and pay the dividends, grade increments and bonuses on time. There is no reason, for example, why the travelling allowances should not be adjusted to take care of the abnormal increase in the cost of petrol.

Absence of decisions should not mean wrong decisions and all concerned should be taken into confidence by letting the public know what the shape of things is likely to be, even though only a vague picture can be had at present. Even if the public can appear before the Select Committee of Parliament after a proper bill is introduced, there should be ample opportunity for all to think, say how they feel and analyse dispassionately the likely long-term effects of any administrative decisions which are under consideration in the Finance Ministry. Let not the famous competitive spirit of general insurance be marred by anything like the doldrums and demoralisation of nationalised banking with low profitability, more irregularities and fast deteriorating standards of service as its inevitable consequences.

ary-April 1971 was 2.8 lakhs does not really make much sense even last year the availability of wagons was far below the quotas fixed.

Mr R. D. Shah has indeed gone a step further and pinpointed a figure of 6.3 lakh tonnes as the loss in the production of cement due to shortage of wagons both for outward movement of cement and for inward movement of coal, out of a total production loss of about 12.7 lakh tonnes. The capacity of the industry during January-April 1971, as Mr Shah admits, is 58 lakh tonnes. The actual production, however, was of the order of 45.3 lakh tonnes or 78 per cent of the capacity. Obviously it is Mr Shah's contention that this sharp fall in the industry's utilisation of its capacity even from the last year's average figure of 87 per cent is to be ascribed to wagon shortage. And 87 per cent utilisation has not been the best by the industry. However, it has also never worked to 100 per cent capacity to claim a loss of 12.7 lakh tonnes.

It must be said, of course, that whatever be the quantum of shortage in production, the accumulation of stocks with the industry to the tune of 15 lakh tonnes of clinker/cement is cause enough for concern. And one should hope that the meeting called by the Cement Controller early next month, which will be attended by representatives of the industry as well as of the Railway Board will evolve methods by which bottlenecks in the movement of cement are mitigated to the maximum extent possible. In fact, reportedly, the Railways have made certain suggestions for the regrouping of the marketing zones in order that a more rational distribution of wagons would enable speedier despatch of cement particularly to the scarcity areas.

Having said this, however, there is no gainsaying that the industry must give serious thought to the deteriorating situation in regard to utilisation of cement capacity. The industry has always been priding over the fact that it was utilising the capacity to the extent of 95 per cent. In this context, the present under-utilisation of over 22 per cent is clearly not conducive to the growth of the industry, not only in view of the rising demand in the country but all the more because the industry happily has been taking considerable interest in cultivating foreign markets for our cement even at a cost to itself. Wagon shortage is no doubt an impediment. But there have also been reports of considerable loss in production because of break-downs and other factors. □

HP unit a boon to neighbouring States

SIMLA.

THE news that the Union Government has approved the proposal for the setting up of a cement factory in Himachal Pradesh is bound to be received well not only in the State itself but also in the neighbouring States of Punjab and Uttar Pradesh. The cement factory in Surajpur, in Haryana, which is feeding these neighbouring States is facing closure in the next two years due to the exhaustion of the limestone deposits in the nearby areas.

Punjab and Uttar Pradesh can now turn to the new factory for supplies.

The proposed cement factory, based on the locally available high-grade limestone, is being set up at Rajban, near Paonta in the Sirmur district, by the Cement Corporation of India. The estimated cost of the project is Rs 8 crores. The limestone deposits near the planned site of the factory would be sufficient for nearly hundred years. With a production capacity of 600 tonnes of cement a day, the factory will be the biggest project so far sanctioned in the public sector in the State. The daily capacity of the factory is expected to be increased later to 1,200 tonnes.

The new cement unit is likely to go into production towards the end of the current Plan period and is expected to provide employment to over 800 skilled and unskilled persons. Besides, the State exchequer would be benefited to the tune of Rs 4 crores in the form of royalty, excise duty, etc. While the Cement Corporation of India has undertaken a detailed survey

of the limestone deposits and other prerequisites in the area, the State Government has taken up the work of widening the road leading to the site of the proposed cement factory. Meanwhile, the Haryana and Uttar Pradesh governments are constructing two bridges over the Yamuna river to connect the Paonta valley with the two States.

The State Government has also prepared a feasibility report for setting up another cement factory in the Kangra district. Like the prosperous Paonta valley the Kangra district is also said to be very rich in high-grade limestone deposits likely to last for nearly two hundreds years.

The State Government has also signed an agreement with a leading business house for the setting up of a 200-tonne per day capacity newsprint factory in the State at an estimated cost of Rs 30 crores. Because of the rich industrial potential of the State, the Industrial Development Bank of India proposes to undertake an industrial survey later this year. □

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Today at Mithapur, young India, conscious of the past, urged on by the present, confidently dreams of a glorious tomorrow.

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There is a beginning but there is no end to the work of bringing purposeful prosperity to the people of India. Harness the sea, the sun, the atom and from Okhamandal—the land of salt—fertility will flow to the entire country.

TATA CHEMICALS LIMITED



ANNOUNCEMENT REGARDING THE ISSUE OF EQUITY SHARES

THIS IS ONLY AN ANNOUNCEMENT AND NOT A PROSPECTUS

Persons interested in full details may obtain copies of the Prospectus and Application Forms from the brokers and bankers mentioned below.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS ON MONDAY, JULY 5, 1971 AND CLOSE AT THE CLOSE OF BANKING HOURS ON SATURDAY, JULY 17, 1971 OR EARLIER AT THE DISCRETION OF THE DIRECTORS, BUT NOT BEFORE THE CLOSE OF BANKING HOURS ON WEDNESDAY, JULY 7, 1971.

CHEMICALS AND FIBRES OF INDIA LIMITED

(INCORPORATED UNDER THE COMPANIES ACT, 1956)

Registered Office: "CRESCENT HOUSE" 19 WALCHAND HIRACHAND MARG, BALLARD ESTATE, BOMBAY-1.

EXISTING AND PROPOSED ACTIVITIES :

The Company was incorporated on March 29, 1961. Imperial Chemical Industries Limited, U.K. presently holds 60 per cent of the Equity Share Capital of the Company.

The Company manufactures polyester staple fibre which it markets under the trade mark 'Terene'. The fibre is mixed by customers with other natural and man-made fibres in an optimum blend, spun into yarn and ultimately woven, dyed and finished into fabric. The fabrics made from 'Terene' polyester fibre such as suitings, shirtings, saris, dress/kameez materials and furnishings are extremely popular for their excellent performance characteristics such as crease-resistance, pleat retention and high durability owing to their high resistance to abrasion. Such suitings, shirtings, saris and dress materials are also colloquially known as "Wash-N-Wear" garments owing to the dimensional stability of 'Terene' polyester fibre.

The Company manufactures its 'Terene' polyester fibre under a Technical Collaboration Agreement with Imperial Chemical Industries Limited which had developed its own polyester fibre sold throughout the world under its well-known trade mark 'Terylene'. The Government of India has approved the terms of this collaboration. The Agreement is for a period of ten years from the commencement of production on a commercial scale which commenced on April 1, 1965. Under the Agreement ICI provided all technical information and know-how covering design and procurement of equipment, construction, start-up and operation of the Company's plant. Under the Agreement ICI also provides training of personnel in the operation of the plant and makes available continuing development and research information as well as licences under all relevant patents in the manufacturing and user fields. Assistance is also being given in the development of end-uses of the product. For the continuing know-how made available, the Company pays ICI a royalty.

The Company's initial licenced capacity was for 2,041 tonnes of polyester fibre per annum. By licence No. L/23/5/8/07, Ch.I dated May 27, 1967 the Government of India approved the increase in the Company's capacity to 4,500 tonnes per annum and the increased capacity became fully operational in 1968. Pursuant to the application in this behalf, the Government of India issued a Letter of Intent dated November 29, 1968 for further substantial expansion of the existing plant from 4,500 tonnes per annum to 6,100 tonnes per annum of polyester fibre. One of the conditions of the Letter of Intent was that the Company would undertake an increase in the association of Indian capital by reduction in the foreign equity. The present issue is being made to meet this condition. The Government of India has since converted the Letter of Intent

into a Licence bearing No. L/23/5/18/71/Ch.I/SE dated February 3, 1971.

LOCATION OF THE COMPANY'S PLANT :

The Company's plant is situated in the Trans-Thana Creek Industrial Area of Maharashtra.

SHARE CAPITAL

AUTHORISED :	Rupees
1,00,00,000 Equity Shares of Rs. 10/- each ..	10,00,00,000

ISSUED, SUBSCRIBED AND FULLY PAID-UP :

49,00,000 Equity Shares of Rs. 10/- each of which	
24,00,000 Equity Shares of Rs. 10/-	
each were issued as Bonus Shares ..	4,90,00,000

PRESENT ISSUE :

4,45,455 Equity Shares of Rs. 10/- each at a	
premium of Rs. 15/- per share ..	44,54,550

OUT OF THE PRESENT ISSUE :

1,78,182 Equity Shares of Rs. 10/- each at a	
premium of Rs. 15/- per share have	
been offered for subscription by those	
Members resident in India whose	
names were on the Register of Mem-	
bers of the Company at the close of	
business on Friday, May 7, 1971 in the	
proportion of 10 new Equity Shares	
for every 109 existing Equity Shares	
held on that date on condition that the	
Equity Shares not taken up by them	
will also be available for meeting	
applications from the public ..	17,81,820

NOW OFFERED FOR PUBLIC SUBSCRIPTION :

2,67,273 Equity Shares of Rs. 10/- each at a	
premium of Rs. 15/- per share ..	26,72,730
Rs. ..	44,54,550

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22 A, Aurangzeb Road, New Delhi

Brian William Ritchie, (*Managing Director*),
No 5, Malabar Court, Ridge Road, Malabar Hill Bombay-6

Neville Ness Wadia, (*Director*),
'Casa Fieole', CH, 6922, Morcote, (Ticino) Switzerland

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Akbar Hydari, (*Director*),
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'Baaisca,' Naburn Lane, Fulford, York

Daya Bhushan Mohindra, (*Director*),
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SECRETARY :

Joseph Elijah Jhirad, 28, Hill Park, Powai Road, Bombay-6

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National and Grindlays Bank Ltd.,

Lloyds Branch, Dr. Dadabhoy Naoroji Road, Bombay-1, or their main offices at Bangalore, Calcutta, Cochin, Delhi, Hyderabad, Kanpur, Madras and New Delhi.

Punjab National Bank,

Ilaco House Branch, Sir Phirozeshah Mehta Road, Bombay-1, or their main offices at Ahmedabad, Bangalore, Calcutta, Delhi, Hyderabad, Indore, Kanpur, Madras, New Delhi, Poona and Surat

First National City Bank,

293, Dr. Dadabhoy Naoroji Road, Bombay-1, or their main offices at Calcutta, Madras and New Delhi.

SOLICITORS :

Crawford Bayley & Co.,

State Bank Annexe Building, Bank Street, Bombay-1.

AUDITORS :

Lovelock & Lewes,

Elphinstone Building (2nd Floor), Vir Nariman Road, Bombay-1

REGISTRARS :

The Investment Corporation of India Limited,

Ewart House, Bruce Street, Fort Bombay-1

MANAGING BROKERS :

Place, Siddons & Gough (Private) Limited,
6, Lyons Range, Calcutta-1

Lewis & Jones,
Bank of Baroda Building, Apollo Street, Fort, Bombay-1.

BROKERS :

BOMBAY

Lewis & Jones,
Bank of Baroda Building Apollo Street Bombay-1

Batlivala & Karani,
Union Bank Building Dalal Street Bombay-1

Dhirajlal Maganlal Purshotamdas,
Stock Exchange Building Apollo Street Bombay-1

Champaklal Devidas,
Bhupen Chambers Dalal Street Bombay-1

Harkisondass Lakhmidass,
Stock Exchange Building 5th Floor Apollo Street, Bombay-1

Merwanjee Bomanjee Dalal,
Allahabad Bank Buildings Apollo Street Bombay-1

P. R. Subramanyam & Sons,
70-A, Stock Exchange Building, Apollo Street, Bombay-1

Valji Bhimji,
Old Stock Exchange Building Dalal Street Bombay-1

Jamnadas Morarji & Co,
8-10, Dalal Street, Bombay-1

Chimanlal J. Dalal & Co.,
107 Stock Exchange New Building Dalal Street, Bombay-1.

CALCUTTA

Place, Siddons & Gough (Private) Ltd,
6, Lyons Range Calcutta-1

G. M. Pyne,
Allahabad Bank Buildings, 14, India Exchange Place, Calcutta-1.

Chunilal T. Mehta,
8, Lyons Range, Calcutta-1

MADRAS

Paterson & Co.,
Vanguard House, 3rd Floor 11/12, Second Lane Beach, Madras-1.

Chitra & Co.,
322/323, Linghi Chetty Street Madras-1

Kothari & Sons,
Kothari Buildings, Nungambakkam High Road, Madras-34.

NEW DELHI

Harbans Singh Mehta & Co.,
33, Regal Buildings, Parliament Street New Delhi-1.

Raja Ram Bhavin & Co.,
Jewan Mansion, 8/4 D B Gupta Road New Delhi

H. P. Mehta & Co.,
Akash Deep, Barakhamba Road, New Delhi-1.

Behari Lal & Co,
15 Stock Exchange Building, Asaf Ali Road, New Delhi-1.

AHMEDABAD

Chinubhai Chimanlal Dalal,
Lalchubhai Haveli Ratnampole, Ahmedabad-1
Ratul Mansukhlal Parikh,
Opp Stock Exchange, 2221/3 Munk Chowk, Ahmedabad-1.

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EXPORT ANGLE

By Stevedore

Generalised preference

THE developing countries look forward to the Generalised Scheme of Preference, which is coming into force in the EEC countries from July 1, to give a boost to their exports. The scheme would allow duty-free entry or substantial reduction in duty for a number of semi-manufactured and manufactured commodities generating from developing countries. To what extent will this scheme help India? Detailed studies are still to be made. But the Trade Development Authority has just come out with an assessment relating to the goods whose exports it is seeking to promote.

The studies have been made both at macro and micro levels. At the micro level 120 items were considered. Accordingly an operational plan has been drawn and targets have been fixed for additional exports to the EEC of the commodities which were likely to benefit the most. For the year ending March 31, 1972 the target is Rs 525 crores, but considering that the effects of tariff reductions are unlikely to be of a significant magnitude before September 1971 the target recommended is Rs 225 crores. For the year ending March 31, 1973 the target fixed is Rs 675 crores and for the subsequent year Rs 1675 crores.

The TDA, however, recognises that to exploit the opportunity certain immediate measures will have to be taken. On the broad plane the TDA concludes (i) manufacturer-exporters would have to be informed about the quantum of tariff reductions and the consequent increase in the potential EEC market size, (ii) programmes for product development in the various product groups must be identified immediately, (iii) the Government should ensure that all inputs to the manufacturing industry are provided at international prices, (iv) the Government should also ensure ocean freight reduction for bulk items and (v) steps must be taken to identify competent units for expansion or development programmes to set up new units if need be.

The TDA has not stopped there. It has also studied specific problems relating to particular items. The conclusions are as follows:

(i) In the case of canned fruits Government must take measures to reduce the cost of cans. Possibly, the Government could negotiate with Metal Box and Poysha for a system of concessions to the exporting units in the price of cans. While continuing with the export development efforts of mango, the exports of litchis should also be taken up for export development measures.

(ii) In the case of iron castings, shipping poses a major constraint. This being an unpreferred cargo, it is difficult to get adequate shipping space for it. The Government should start negotiations with shipping conference lines to work out an arrangement whereby shipping space for iron castings is adequately made available in time.

(iii) For ensuring an increase in exports of steel castings the supply of heavy melting scrap to electric furnaces should be maintained at reasonable prices. Also there should be a continued ban on the export of scrap.

(iv) For forgings the Government should arrange for availability of steel at international prices.

(v) For fasteners the Government should arrange for priority supply of steel wire rods and merchant sections of steel.

(vi) In the case of radio broadcast receivers the Government should allow the import of all the circuitries involved as well as the import of designs and models for the purposes of product adaptation. Also, efforts to increase component supply must be made.

(vii) To reach the export target for cutlery the Government should consider a long-term expansion programme of capacity as well as sanctioning of export-oriented industries where at least 60 per cent of the production is exported.

(viii) In the case of sewing machines the Government should aim at a long-term capacity expansion.

(ix) For ensuring an increase in exports of the automotive ancillary products, the expansion of capacity for automotive castings, engine valves, piston rings and fuel injection must be seriously considered. Also, proper steps should be taken to enable the Indian manufacturers of automotive ancillary products to study the electrical system of EEC's auto manufacturers.

(x) Freight incidence is a major constraint to the exports of bicycles and parts of bicycles. Efforts at negotiating the freight with the shipping conference lines must be made. Also, small import problems like use of multi-speed hubs and coaster brakes should be solved either by allowing for imports of these inputs or setting up a production base internally within a reasonable time period.

(xi) The exports of toys can be substantially increased provided steps are taken to create capacity for the production of mini motors.

(xii) The sports goods sector will require a long-term creation of capacity to keep up with its rate of increase of exports.

What India can sell

THE Directorate of Commercial Publicity in the Ministry of Foreign Trade has issued a further list of global tenders. The purchasing authorities, the items required and the closing dates of these tenders are as follows:

Bahrain

Government of Bahrain Bihrain, Turn-key projects, September 4, 1971

Burma

The Chief Engineer, State Timber Board, Rangoon, Marine diesel engines, July 10, 1971

Myanma Bawdwin Corporation, Rangoon: Sub-cubic circuit breakers, microwater strainer, July 15, 1971.

Myanma Oil Corporation, Rangoon, Pipe wrenches, July 7, 1971.

Ceylon

Ceylon Plywood Corporation, Colombo, Moisture meters, July 31, 1971.

Indonesia

Government of the Republic of Indonesia, Jakarta, Pre-fabricated bridges reinforcing bars, culverts, explosives etc, July 1, 1971

Libya

Central Committee of Tender, Tripoli, Telegraph and automatic landing apparatus, July 5, 1971.

Nigeria

Corporations Standing Tenders Board, Lagos, Underground cables, July 8, 1971.

Singapore

The Public Utilities Board, Singapore, Construction of Jalan Eunes Water Tower; July 5, 1971

Syria

The General Electricity Establishment of Syrian Arab Republic, Damascus; Induction

bobbins, August 28, 1971, security apparatus etc, August 12, 1971

The General Petroleum Co, Damascus, Seismological survey equipment, August 7, 1971, gate valves, August 14, 1971, chemicals, August 2, 1971, sodium carbonate, August 21, 1971.

Ministry of Defence, Damascus; Electric generating sets, July 5, 1971, generating sets on trailer, July 7, 1971; bolts and nuts, July 6, 1971, equipment for acetylene and generating sets, July 17, 1971, wax glue, graphite and grinding stone, July 20, 1971.

Bradma Metallic Industries Corporation, Damascus, Plastic sealing gum for refrigerators, July 20, 1971, push buttons for refrigerators, July 10, 1971, diamond dies, July 8 1971.

General Organisation for Syrian Railways, Aleppo, Clinches, bolts and nuts; August 31, 1971; spare parts for locomotives; August 1, 1971.

Damascus Municipality, Damascus; Steel poles and lighting equipment; July 21, 1971.

Turkey

Istanbul Belediye Baskanlige, Istanbul, Concrete pipe plant; July 19, 1971.

UAR

Misr Beida Dyers, Alexandria; Circular Screen Printing; August 4, 1971.

Misr/Shebin El Kom Spg. & Wvg., Shebin El kom; Single row ball bearing; July 1, 1971; selenium rectifier; July 10, 1971.

Exporters may obtain the tender documents from the purchasing authorities of the respective countries. Further details about these overseas contracts can be had from the *Indian Export Service Bulletin* dated June 19, 1971, issued by the Directorate of Commercial Publicity in the Ministry of Foreign Trade, Udyog Bhavan, New Delhi.

Indian jute industry

—A SURVEY

Problems and prospects

By Commerce Research Bureau

RECENT years have witnessed a steady but by no means slow decline in the exports of jute goods from India. In terms of quantity, the exports of jute goods declined from 922 thousand tonnes in the 1964-65 jute season (July to June) to 467 thousand tonnes in the 1969-70 jute season. This is also reflected in the export earnings from jute goods which steeply decreased from Rs 263.5 crores to Rs 206 crores in 1969-70. During the first eight months of 1970-71 the exports of jute goods fetched no more than Rs 120 crores. This indicates that in all probability the export earnings from jute goods during 1970-71 will be even lower than those in 1969-70. The declining trend in exports was accompanied by declining trend in overall production.

Jute goods production in India recorded a gradual rise during the fifties and this rising trend continued till 1964-65. The production of jute goods which stood at 9.60 lakh tonnes in 1951-52 (July 1951-June 1952) reached the all-time high at 13.20 lakh tonnes in 1964-65. During the same period the production of hessian increased from 3.15 lakh tonnes to 5.27 lakh tonnes whereas the sacking output recorded a decline from 6.16 lakh tonnes to 5.74 lakh tonnes. The production of other jute goods which is primarily carpet backing registered a remarkable increase from 29,000 tonnes in 1951-52 to 2.19 lakh tonnes in 1964-65.

However, this rising trend was completely reversed after 1964-65 and the jute goods production continued to decline till 1968-69. Thus, between 1964-65 and 1968-69 the production of hessian contracted by about 40 per cent and that of sacking by about 10 per cent. However, the produc-

tion of other jute goods including that of carpet backing recorded a rise of about 29 per cent over the same period.

Because of the easy availability of raw jute, the production of jute goods in 1969-70 showed an improvement over 1968-69. But for the labour strike in December 1970 and frequent power cuts in jute mills, the production of jute goods in 1970-71 would have recorded further improvement over 1969-70.

In India, the availability of raw jute determines the quantity of jute goods production. Therefore it would be interesting to study the trends in the production of raw jute over the last few years.

As can be seen from Table 1, during the first decade, 1950-51 to 1960-61, the aggregate production of jute and mesta in the country increased at the average rate of 5.9 per cent per annum while the

Table 1: Supply and demand position of jute and mesta
(In '000 bales of 180 kg each)

Year (July-June)	Production	Consumption (a)
1950-51	3,800	3,681
1955-56	5,314	5,810
1960-61	5,553	5,851
1965-66	5,785	7,551
1966-67	6,072	7,400
1967-68	7,563	7,326
1968-69	8,327	6,850
1969-70	8,358	6,850
1970-71 (b)	6,500	5,500
1971-72 (b)	7,200	7,200

NOTE: (a) Includes other consumption
(b) Trade estimates

aggregate consumption increased by 1.3 per cent per annum. During the second decade, 1960-61 to 1970-71, the rate of growth of output of jute slowed down to 1.8 per cent and the aggregate consumption increased only by 0.7 per cent per annum. It thus appears that slow-down in the growth of jute output in the country has affected the production trends in jute industry unfavourably.

Apart from the question of the supply position of the raw jute during the recent years both the production and export have

been affected by the steadily deteriorating labour situation. As is obvious from the figures in Table 2 the number of strikes in the jute industry during recent years has been disconcertingly high.

Till 1964-65, jute industry in India enjoyed a unique pre-eminent position in the world supplies of jute goods. Thereafter, the Indian jute textiles industry rapidly lost its relative importance on many fronts. Of late, India's share in world production declined to 30 per cent from 55 per cent in 1955. Similarly, the

proportion of Indian jute goods exports slipped down to 46 per cent from 88 per cent in 1955.

From Table 3 it can be seen that India lost jute goods exports market mainly to Pakistan.

India's share of sackings had sharply gone down to 23 per cent in 1968-70 from 63 per cent in 1964-65. Similarly, share in respect of hessians declined from about 88 per cent in 1964-65 to 57 per cent in 1968-70. However, in respect of carpet backing, India was able to maintain its posi-

THE STORY OF JUTE

THE first ever jute factory to be established anywhere in the world was the one at Dundee in Scotland in 1838. Prior to this, jute manufacture, a virtual monopoly of India, was a cottage industry. Dundee used Indian raw jute, but it was around 1854, during the Crimean War, that the demand for Indian jute spurted suddenly when Russian supplies of raw flax and hemp ceased. Coupled with the high price offered, this prompted extension and improvement of jute cultivation, and then in 1855 India's first jute factory was set up at Serampore in Bengal. Several others followed, and before the turn of the century Indian jute goods began to compete with Dundee.

On the eve of the first world war, with 73 factories, Indian output surpassed that of Dundee. Indeed it was the ever-increasing demand for jute goods due to the expanding volume of world trade in the last quarter of the 19th century that had prompted the setting up of a number of large-sized factories. It is thus that the average size of jute mills in India is larger than that of mills in the UK where no jute factory has more than 1,000 looms. The loomage capacity of a vast number of Indian mills ranges from 1,400 to 5,000, though mills outside Bengal have less than 500 looms each.

After the massive increase in demand for Indian jute goods such as sand bags, gunny bags and canvas during the war years, which these large-sized units, with the benefit of local availability of raw material, could very well cope up with, followed the post-war dampening in demand, which reached its low after the Great Depression of 1929. The industry was badly hit as much because of this tapering off of demand as on account of over-production.

Over-production, in fact, was a malady which had raised its head even in the last few years of the 19th century, and one of the main objects for which the Indian Jute Mills Association (IJMA) came into being was the regulation of production by limiting the hours of work in the factories. Thus from 1932 through the inter-war period restrictions on the hours of work had to be imposed twice, first by the IJMA itself and then in 1938, after a year of relaxation which led to stock accumulation and unhealthy competition from mills outside the IJMA, by the Government which prohibited through an ordinance work beyond 45 hours a week. All the mills had to join the IJMA and 20 per

cent of the looms had to be sealed even as jute cultivation was restricted.

Came the second world war, and the demand boost along with higher prices. The Government encouraged the mills to work 60 hours a week. But the boom was short-lived; following Pearl Harbour and especially when India's jute belt almost became a danger zone, an American technical mission recommended closure of certain types of mills, but the industry opted for restricted production as before.

The fluctuations in the fortunes of the Indian jute industry continued following Independence and the Partition, when nearly 75 per cent of India's jute-growing area went to East Bengal, in Pakistan, even as most of the mills remained on the Indian territory. This, of course, gave a stimulus to efforts towards increased jute production through both extensive and intensive cultivation. Acute paucity meant spiralling prices and an incentive to larger productive effort. But, as is the tendency in most agriculture-based industries, jute since 1952-53, when the supply position started becoming comfortable, has been the victim of the vicious circle, periodically aggravated by the vagaries of the monsoon, of prices chasing the goods

Pakistan which has built considerable jute manufacturing capacity over the years and has had the advantage, being a late-comer, of installing more productive modern machines as against India's old factories crying for modernisation. Indian jute goods also have to contend with synthetics such as polypropylene which have already shown promise of being an effective substitute to jute.

Continuous improvement in the quality of the fibre and product diversification are the two major means by which the jute industry can hope to sustain its competitiveness both against other jute-producing countries and against the avalanche of polymers. The Fourth Plan development programme for jute which seeks to increase jute production through intensive cultivation over large areas, extension of double-cropping in irrigated areas, introduction of high-yielding strains, and evolution of early maturing varieties and better seeds, also proposes better retting facilities to achieve better quality fibre. With a financial outlay of around Rs 7 crores the Fourth Plan hopes to achieve a production target of 74.2 lakh bales of jute and 17 lakh bales of mesta. The Government has recently set up a Jute

Total loom-strength as on January 1, 1968

	Hessian	Sacking	Broad looms	Other looms	Total looms
Association Mills:					
In West Bengal ..	27,028	11,859	3,089	2,107	44,259
Outside West Bengal ..	364	850	Nil	10	1,224
Total (IJMA) ..	27,392	12,709	3,089	2,117	45,483
Mills outside IJMA:					
In West Bengal ..	937	492	Nil	462	1,391
Outside West Bengal ..	1,312	1,253	24	Nil	1,589
Total (outside IJMA) ..	1,249	1,745	24	642	3,480
Grand Total ..	28,641	14,454	3,113	2,579	48,963

followed by goods chasing the prices. With production falling short of demand, the country has had to import some quantities of raw jute to feed the factories.

This situation is hardly conducive to the health of an industry which accounts for Rs 87 crores by way of capital employed, provides employment in its 90 mills to some 2.5 lakh people and exports more than 75 per cent of its production. It has constantly to guard its competitiveness in the world markets. The most powerful competitor is

Development Corporation charged with the task of improving the quality and productivity of jute as also of the marketing system.

If on the success of this programme would depend to a large extent the jute industry's capacity to sustain its competitiveness in the immediate future, the industry's own efforts to augment its export performance through diversification of production will largely determine its ability to raise at least a part of the resources needed to modernise its plants and face the future with confidence.

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tion. Thus, between 1964-65 and 1969-70 India's share of jute goods significantly came down from 80 per cent to 53 per cent.

If the export data for the period April to September 1970 is any guide, the share of our jute goods is still declining and continues to cause concern. The share of sackings has gone down to 19 per cent, that of Hessians and carpet backing to 49 per cent and 71 per cent respectively. In short, India lost its sacking market a few years back. The Hessian market has already been reduced to 50 per cent. The same fate is likely to await the carpet backing.

On the other hand Pakistan expanded her broadloom capacity very rapidly.

Table 2: Number of strikes and man-hours lost in the jute industry

Year	Number of strikes/lockouts	Man-hours lost (thousands)
1959	124	3,273
1960	58	6,400
1961	87	6,428
1962	11	4,640
1963	15	2,104
1964	86	5,870
1965	30	5,800
1966	145	11,595
1967	139	7,650
1968	101	7,307
1969	122	11,017

Further, the profit margin on carpet backing in respect of Pakistan Jute Industry is very high compared to that enjoyed by the Indian Industry. On the top of

Table 3: Exports from India and Pakistan: 1964-65 and 1969-70

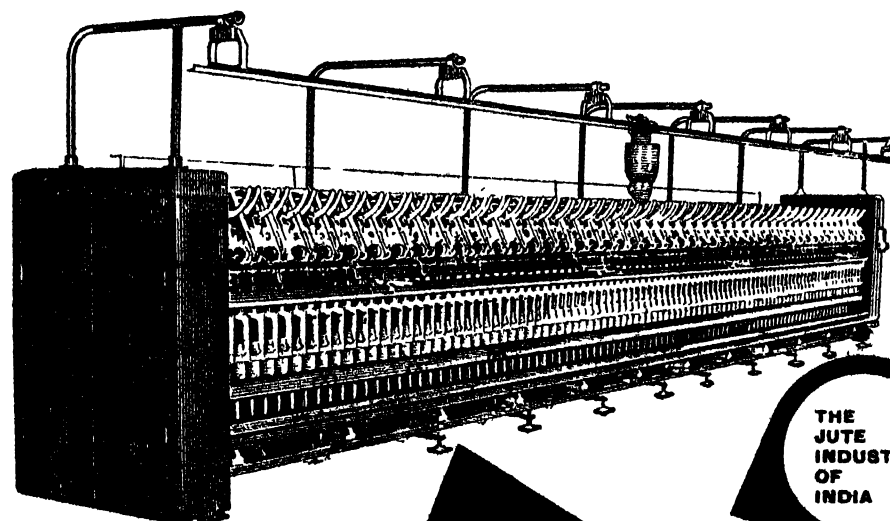
	Sackings		Hessians		Carpet backing	
	1964-65	1969-70	1964-65	1969-70	1964-65	1969-70
(a) India	258.7	55.8	479.7	262.7	109.2	204.8
(b) Pakistan	153.2	242.3	66.4	202.6	6.6	32.7
(c) Total (a + b)	411.9	298.1	546.1	465.3	115.8	237.5
(d) India's share in (c) (%) ..	62.8	23.0	87.8	56.5	94.3	86.2

this, the manufacturer from Pakistan, at present, making a profit of 35 per cent by virtue of the export bonus voucher system and the low cost of raw jute. This system has given a tremendous advantage to the manufacturer from Pakistan over his counterpart from India. Presently, the profit margin in Indian jute textiles is barely 5-7 per cent depending upon the prices of raw jute. According to industry circles, even if the jute industry forgoes its profit margin of 5-7 per cent and the Government on their part forgoes the export revenue of Rs 300 per tonne of jute goods, the Indian jute goods would be cheaper by only about 10-15 per cent. However, even under these circumstances, Pakistan jute goods would still remain cheaper by about 20 per cent as long as the export bonus voucher system continues in Pakistan.

Of late, because of the present chaos in jute, exports from Pakistan have fallen and continue to fall. Indian jute industry should regard this situation as a blessing in disguise and gear up itself to fill up the void in the world market.

Fortunately for India, the overall availability of raw jute and mesta during 1971-72 would be around 86 lakh bales. Therefore, it should be possible to raise the average monthly production of jute goods to 1 lakh tonne from the present level of 90,000 tonnes. However, increased production would not be sufficient to boost up the Indian jute exports unless our jute goods are competitive enough to attract buyers who have been purchasing from Pakistan. This problem will assume added significance in case Pakistan devalues her rupee in the near future. In that event, the Pakistani jute goods would be cheaper than what they are at present. Therefore, maximum utilisation of the present installed capacity by the jute industry, good labour management relations, availability of raw jute at lower prices are some of the major problems which need immediate attention.

During recent years the synthetic materials mainly based on polypropylene have emerged as major competitors of jute



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goods in the affluent western countries. While in the fifties the main threat to jute goods was from the increased use of bulk handling techniques in the advanced countries, during the sixties the rapid development of petrochemical industry has resulted in making available synthetic materials at a price cheap enough to make them compete effectively with the jute goods. Polypropylene sacks have come in general use and even in respect of carpet backing the synthetic materials are now favoured. As a result of these factors, the world demand for jute goods, during the recent years, had been more or less stagnant if not declining. This is evident from the fact that the combined exports of jute textiles from India and Pakistan were about 9 per cent lower in 1969-70 than in 1964-65.

Any export promotion scheme must take this basic fact into account. Apart from the question of maintaining or enlarging the share of India in the world market, the basic problem to be faced by the jute industry, whether in India or elsewhere, is to check the inroads of synthetics. The remedy obviously lies in enhancing the competitiveness of the jute goods in terms of price and quality. Quality jute goods must be offered to foreign buyers at attractive prices. Apart from the question of the extent of support from public exchequer by way of reduction of export duties or grant of export subsidies, the industry should turn its attention to keeping the cost rise in check through modernisation.

While the modernisation programme in the spinning sector has been completed, much remains to be done in respect of modernisation of the weaving sector. Whether this is due to paucity of funds as contended by the spokesmen of the industry, or due to lack of interest as contended by the Government circles is a moot point. However, the very survival of the jute industry in export market depends upon to its ability and will to control the rise in cost.

However, it should not be construed to mean that the industry by its own efforts can overcome all the quite heavy odds which are ranged against it. The stabilisation of wage bill and prices of raw jute can come only through the co-operation of the Government. It should be noted that the raw materials and wages taken together constitute 85 per cent of the total cost of production.

Cost-stabilisation and cost-reduction need to be supplemented by a policy of diversification aiming at a higher output of sophisticated items. Granting that it may not be possible for the Indian jute industry to compete in the international market in respect of such unsophisticated items like sackings either because the synthetic substitutes are cheaper in terms of price and quality, the superior technological base of the Indian jute industry can be advantageously utilised to produce sophisticated products such as decorative goods for which unfulfilled demand may exist. The recent experience with the carpet backing shows clearly that the jute industry must keep way ahead of the main competitor, namely, Pakistan by developing new products which employ complex production methods, not easy to copy. Only by maintaining this type of technological leadership can we regain our leading position in the world markets.

JUTE STATISTICS

Exports of jute goods from India and Pakistan: 1964-65 to 1969-70

('000 tonnes)

Year	Sackings				Hessians				Carpet backing				Total jute goods (including others)			
	India	Pakistan	Total	India's share (percent)	India	Pakistan	Total	India's share (percent)	India	Pakistan	Total	India's share (percent)	India	Pakistan	Total	India's share (percent)
1964-65 ..	258.7	153.2	411.9	62.8	479.7	66.4	546.1	87.8	109.2	6.6	115.8	94.3	950.2	233.1	1,183.3	80.3
1965-66 ..	248.0	192.2	440.2	56.3	456.2	85.6	541.8	84.2	100.2	13.4	113.6	88.2	895.2	302.4	1,198.0	74.8
1966-67 ..	180.7	243.6	424.3	42.6	360.2	96.2	456.4	78.9	134.2	19.8	154.0	87.1	734.1	370.6	1,104.7	66.5
1967-68 ..	157.1	239.1	396.2	39.7	385.4	112.5	497.9	77.4	150.2	25.5	175.7	85.5	751.4	392.3	1,143.7	65.7
1968-69 ..	83.3	229.3	312.6	26.6	310.0	106.7	416.7	74.4	199.5	26.7	226.2	88.2	650.1	449.4	1,099.5	59.1
1969-70 ..	55.8	242.3	298.1	23.0	202.7	202.6	405.3	50.5	204.8	32.7	237.5	86.2	568.8	505.7	1,074.5	52.9
Apr.-Sept. 1970-71 ..	27.9	116.6	144.5	19.3	119.7	123.2	242.9	49.3	47.6	19.2	66.8	71.3	227.1	277.4	504.5	45.0
1969-70 ..	27.1	123.1	150.2	18.0	122.1	96.3	218.4	55.9	107.0	15.2	122.2	87.6	290.3	152.2	442.5	65.6

SOURCE: 1. For India: Director General of Commercial Intelligence, Calcutta, *Monthly Statistics of Foreign Trade of India*, various issues.
2. For Pakistan: Pakistan Jute Manufacturers Association.

Growth of jute textiles industry: 1951-52 to 1969-70

('000 tonnes)

Year ending June	Hessian	Sacking	Others	Total
1951-52 ..	315	616	29	960
1952-53 ..	353	519	34	906
1953-54 ..	397	452	31	880
1954-55 ..	406	566	39	1,011
1955-56 ..	410	633	70	1,113
1956-57 ..	435	536	71	1,042
1957-58 ..	398	606	69	1,073
1958-59 ..	453	518	86	1,057
1959-60 ..	457	539	96	1,092
1960-61 ..	372	533	118	1,023
1961-62 ..	414	509	146	1,069
1962-63 ..	515	532	171	1,218
1963-64 ..	534	495	220	1,249
1964-65 ..	527	574	219	1,320
1965-66 ..	488	548	191	1,227
1966-67 ..	443	508	201	1,152
1967-68 ..	451	458	232	1,141
1968-69 ..	317	332	283	932
1969-70 ..	341	377	250	968
Annual compound rate of growth between: (per cent)				
(a) 1951-52 to 1964-65 ..	4.02	-0.56	16.82	2.51
(b) 1964-65 to 1969-70 ..	-6.89	-7.97	2.66	-6.01
(c) 1951-52 to 1969-71 ..	0.43	-2.71	12.7	0.06

NOTES: (1) Figures from February 1969 onwards relate to production at bale point and not at loom point as has been the practice prior to February 1969.
(2) The jute goods statistics are based on replies received and represent all members of the Association and other non-members.

SOURCES: (1) For the period 1951-52 to 1968-69, Indian Jute Mills Association, *Report of the Committee for the year ended 31st December 1969, Calcutta* 1, 1970.
(2) For 1969-70, Indian Jute Mills Association, *Production of Jute Goods—Monthly return, Calcutta* (various returns).

Share of exports of jute goods in India's total exports: (1960-61 to 1969-70)

(At post-devaluation rate; Rs crores)

Year	Jute goods exports	Total exports	Share of jute goods exports in the total exports (per cent)
1960-61 ..	212.9	1,011.3	21.1
1961-62 ..	228.0	1,040.4	21.9
1962-63 ..	245.2	1,079.4	22.7
1963-64 ..	247.9	1,249.4	19.8
1964-65 ..	263.5	1,285.7	20.5
1965-66 ..	287.9	1,268.9	22.7
1966-67 ..	248.5	1,156.5	21.6
1967-68 ..	234.1	1,198.7	19.5
1968-69 ..	218.0	1,357.8	16.1
1969-70 ..	206.0	1,413.2	14.6
April-November 1970-71 ..	120.3	997.9	12.1
1969-70 ..	141.8	923.7	15.4

NOTE: For comparability of data, the export figures for the years 1960-61 to 1965-66 were adjusted because of the devaluation of Indian rupee on June 6, 1966.

SOURCES: 1. Government of India, *Economic Survey 1969-70 and 1970-71*.
2. Reserve Bank of India, *Reports of Currency and Finance 1968-69 and 1969-70*.

Major manufacturing units

Agarpara Jute Mills, National Tobacco Building, 1 and 2, Old Court House Corner, Calcutta.

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Alliance Jute Mills Co Ltd, P.O. Jagatdal, 24-Parganas.

Anglo-India Jute Mills Co Ltd, P.O. Jagatdal, West Bengal.

Angus Jute Works, 3, Clive Row, Calcutta.

The Auckland Jute Co Ltd, Chartered Bank Buildings, Calcutta-1.

Bally Jute Co Ltd, 15, India Exchange Place, Calcutta.

Bally Jute Co Ltd, Mill No 2, 15, India Exchange Place, Calcutta.

The Barnagore Jute Factory Co Ltd, Alambar, Calcutta-36.

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Birla Jute Mills, 1, India Exchange Place, Calcutta-1.

Budge Budge Amalgamated Mills Co, 8, Clive Row, Post Box No 184, Calcutta.

The Calcutta Jute Manufacturing Co Ltd, No 20, Old Court House Street, Calcutta-1.

Caledonian Jute Mills Co Ltd, 18, Brabourne Road, Calcutta-1.

Champdany Jute Co Ltd, 2, Netaji Subhas Road, Calcutta.

Chitavalsah Jute Mills Co Ltd, 3, Netaji Subhas Road, Calcutta.

Clive Mills Co Ltd, 43/1, Garden Reach, 24-Parganas.

The Dalhousie Jute Co Ltd, Chartered Bank Buildings, Calcutta-1.

The Eastern Manufacturing Co Ltd, McLeod House, 3, Netaji Subhas Road, Calcutta-1.

The Empire Jute Co Ltd, 3, Netaji Subhas Road, Calcutta.

Fort Gloster Industries Ltd, 21, Strand Road, Calcutta-1.

The Fort William Co Ltd, Sibpur, Howrah.

Gagalbhai Jute Mills, P.O. Sijberia, Ulberia, Dist. Howrah.

The Ganges Manufacturing Co Ltd, 18, Rabindra Sarani, Calcutta-1.

Gaya Cotton and Jute Mills Ltd, Gaya, Bihar.

India Exchange Place, Calcutta-1.

India Exchange Place, Calcutta-1.

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Northbrook Jute Co Ltd, Village Champdany, Baidyabati, Hooghly, West Bengal.

The Nuddea Mills Co Ltd, 2, Fairlie Place, Calcutta-1.

Orient Jute Mills Co Ltd, Budge Budge, 24-Parganas.

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Saminigurr Jute Factory, Bhardeswar, Hooghly District.

Shree Ambica Jute Mills Ltd, P.O. Belurmath, Howrah.

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Indabrador Limited

Statement of the Chairman, Mr. J. V. Patel

FOLLOWING is the statement of the Chairman, Mr J. V. Patel to the Members on the occasion of the 7th Annual General Meeting of the Company held in Bombay on June 17, 1971:

It gives me pleasure to welcome you all to this 7th Annual General Meeting of our Company. The Directors' Report and the audited Statement of Accounts for the year 1970 have been in your hands for sometime and with your permission I shall take them as read. We are meeting this time soon after the budget proposals have been presented to the Parliament and it would be proper if we could briefly acquaint you with the likely effect of the budget proposals on our company. Those aspects of the budget proposals which affect us directly concern the proposal to increase the rate of surtax on company profits from 25 per cent to 30 per cent in case of chargeable profits in excess of 15 per cent of the capital. We would also be affected by the reduction proposed in the special tax exemption enjoyed by priority industries from 8 per cent to 5 per cent of the profits, though our industry continues to be on the list of priority industries. This would mean that we would have to pay considerably higher taxes from the next year, assuming of course that the company continues to perform at the current level. These proposals, plus the withdrawal of development rebate after 31st March 1974 would undoubtedly have a somewhat discouraging effect on the industry in general. If the aim of the budget is to accelerate industrial growth it is to be seen if these proposals would contribute to that cause.

The working of the company during the year 1970 was reasonably satisfactory, the company continuing its growth at a fairly rapid rate. Its sales increased by about 50 per cent. The company continued to widen its product base, and in addition to the standard range of shot blasting equipment it also made several special purpose machines. These included a shot blasting machine to clean steel bars for the Mysore Iron and Steel Co Ltd equipped with 4 Wheelabrator wheels. The company also made shot peening machines for use in the manufacture of springs. The quality of our equipment was maintained at a high level and we are glad to report general customers satisfaction with our equipment.

The financial position of the company continued to be satisfactory. A sum of Rs 6,49,480 was added to the reserves, the total reserves now amount to Rs 19,03,240 as against our equity capital of Rs 14,58,470. This further strengthening of the company's financial position would no doubt be found gratifying by you all. The Directors have after due consideration decided to recommend a dividend of 15 per cent. A part of this dividend, namely 17.66 per cent, is tax free. Shareholders will recall that last year the company paid a 12 per cent dividend in addition to a 2:1 bonus issue.

During the year the company took over full sales responsibility for marketing

its products all over the country. Part of the territory was earlier looked after by selling agents. The company was able to do this by participating in the Central Sales Association established by New Standard Engineering Co Ltd, and Companies of our Group. As a result of this arrangement, our Company now has at its disposal the full infrastructure of the all-India marketing facilities that are being established, including branches and representatives all over the country. This should enable us to reach our customers promptly and render effective after sales service. Very recently we have begun to stock spare parts in our branches as a further measure to give better service to our

customers. As you know, spare parts are a very vital item for the shot blasting equipment.

With a reasonably good order book, the outlook for the current year appears to be satisfactory.

Before I conclude I would like to place on record our sincere thanks for the understanding and assistance we have received from our partners, Wheelabrator Corporation, USA and Tilghman Wheelabrator Ltd, UK. On behalf of the other Directors and on my behalf, I would like to thank the staff and workers of the company for their hardwork and devotion to duty. I now propose that the audited statement of accounts and Directors' Report be adopted and passed.

Note: This does not purport to be the record of the proceedings of the Seventh Annual General Meeting of the Company.

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BARODA

THE following is the speech of Shri R. B. Amin, Chairman, Board of Directors, at the 64th Annual General Meeting, 17th June 1971:

LADIES AND GENTLEMEN,

I have great pleasure in welcoming you to the 64th Annual General Meeting of the Company.

The Accounts for the year ended 31st December, 1970 and Directors' Report have been circulated to you and with your permission, I shall take them as read. You will observe from these that your Company continued to maintain the rate of growth in turnover.

While maintaining its pace of growth, your Company has always kept in view the need for making available new and better drugs and to make them available where needed through a wide and efficient network for distribution. In this direction, the commencement, during the year, of the manufacture of two antibiotics viz. Streptomycin and Erythromycin are worth mentioning. The next one would be Kanamycin. In the distribution of goods we have reached out to the rural centres to a larger extent than was hitherto possible. In spite of the frequent and persistent uncertainties in obtaining raw materials, the Company, I am glad to say, has been able to satisfy, by and large, the demand for quality goods. In this task, while there arose a necessity to maintain larger stocks of material, the facilities for credit and finance became more and more difficult to arrange for. The nationalisation of the major commercial banks and the subsequent directives regarding the grant of facilities to larger industrial units like yours are affecting the pattern of corporate financing. The transition in this, as in all others, has been trying. The paucity of finance is accompanied and aggravated by higher cost of borrowings.

The overall economic situation in our country has over the past few years improved and stabilised. Agricultural production has made good progress. In the industrial sphere, a number of linkage products and services have been developed, so that the major industries can expand and diversify production without suffering setbacks and delays as they used to, earlier. The general perspective, therefore, is such that the economy is poised for rapid, smooth and sustained growth. It, however, has not been able to 'take off' because some prerequisites in terms of government policy and approach are not satisfied; and the momentum built up so far is likely to be spent and dissipated. If this happens, we would have an induced recession, thanks to the lack of imaginative and positive policies on the part of government rather than to the constraints and limitations of our economy itself.

The proposals of the budget presented by the Finance Minister are not designed to lift us out of stagnation.

Excise as a form of taxation has been a very popular instrument for raising revenue with governments. Because of the easiness with which it can be raised there is a tendency to bring more commodities under it or to enhance the rates on existing articles or to take resort to both. This is done with a view to pull in the revenue without any serious consideration as to its other wider implications. The high level of these rates makes the use of these articles prohibitive. Also in cases like the excise on capital goods, the means of production themselves are subjected to a crippling levy. Whatever may be the objectives of an excise levy, it surely was never meant to be a punitive measure to prohibit consumption of certain categories of articles, nor should it, by its very nature, be an impediment to higher production because excise thrives on higher production. Instances of such ill-considered excise levies are many. The heavy excise of over 50 per cent on refrigeration units used in industry is one instance. The high rate of 66 per cent on air-conditioners in a country of climatic extremes is prohibitive and is a levy on efficiency. The rate of 53 per cent for industrial refrigeration units cuts at the roots of industrial production and employment. Further, what was once regarded as a luxury soon becomes a common man's necessity. Surely betterment of life is what we all strive for. However, when industries try to make this possible and bring some of the good things of life within the reach of the people, the tax gatherer promptly steps in and pulls the things back out of their reach. Such exercises in frustration have become hardy annuals in our budgets.

Any excise levy which increases costs and curtails production leads to an aggravation of the inflationary situation already threatening our economy. I submit, therefore, that there must be a ceiling on the rate of excise duty say, at 20 per cent. Industrial equipment should be completely freed from excise and be relieved from this additional load, particularly when high costs are pricing out so many of our potential exports in international markets.

Much has been said recently about the inconvenience caused to industry by the canalisation of imports. What I would like to point out, however, is the danger of indiscreet imports being made. And indiscriminate imports would be against the interest of the domestic production and indigenous development of materials, and

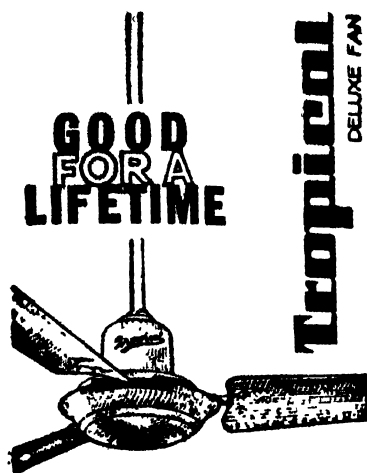
would dampen the tempo of self-reliance and import substitution which we have sought to build up over the years. We already have a paradoxical spectacle of the imports of penicillin being made while indigenous manufacturers like us are asked to export it. An added curious aspect is that your Company is not even allowed to expand its capacities.

Price control in a specific sector of the national industrial nexus is *prima facie* unfair and is also difficult to manage. It is unmanageable because the official machinery, whose acquaintance with the specific and general situation of an industry is already inadequate is burdened with a mandate which may be characterised by political prejudice, as it was in the case of the Drug Prices Control Order. It is unfair because the scheme of control is arbitrarily worked out and operated in such way that the prices of end products are fixed while the costs of every other input are allowed to rise unchecked. Ironically enough, this was imposed on perhaps the only industry in India wherein the industry kept its own prices in check while the prices of every other industrial product were going up. The present price control order, however, is a fact of life and the industry is somehow adjusting itself to its peculiarities and hardships. One would hope and strongly urge that in the light of this experience, Government does not indulge in any further exercises and experiments in this direction. Experience shows that price control can be only a temporary measure and a palliative to be utilised only in special conditions. In the long run, selling prices will depend on costs. Costs can be reduced only if production is allowed to grow. There must, therefore, be lesser constraints on production and there should be no procedural delays in sanctioning new or increased capacities. The long delays in sanctioning the expansion programme for increased capacities in our antibiotics and the antitussive are glaring examples in our case. We understand that similar is the experience of most other manufacturers. If there are no hurdles and handicaps to increased production, we have greater competition and a basic drive to greater efficiency and cost-consciousness. And better results will be achieved thus than through any system of rigid and detailed price control. One can only hope that an appreciation of this plain truth will be more widespread and will influence all governmental action hereafter.

Before I conclude, you would like me to express our appreciation of the hard work willingly put in by all the workers and members of the staff both at Baroda and at the various centres for distribution situated all over the country. I thank my colleagues on the Board for their guidance throughout the year.

I now commend the Annual Accounts and Directors' Report for your consideration.

This does not purport to be minutes of the meeting.



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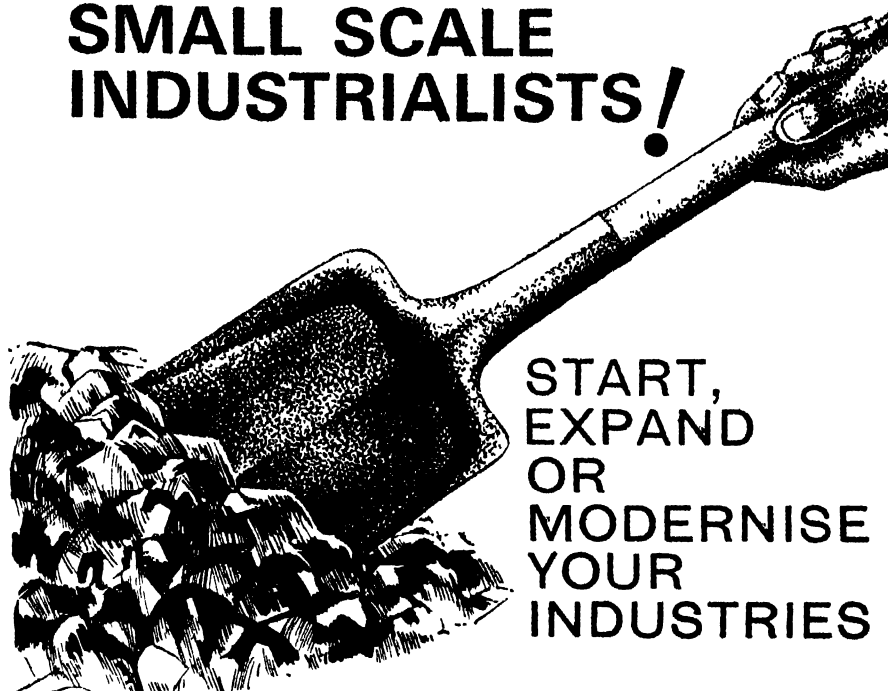
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Tribeni Tissues Limited

STATEMENT of the Chairman, Mr A. K. Sen at the Twenty-fifth Annual General Meeting of the Shareholders of Tribeni Tissues Limited held at its Registered Office at Calcutta on the 18th June, 1971:

LADIES AND GENTLEMEN,

I extend a hearty welcome to you all who have found time to attend this Twenty-fifth Annual General Meeting of your Company. It will be of interest to you to know that this meeting takes place in the Silver Jubilee year of your Company which was formed in the year 1946. An event like this constitutes a milestone in the history of an organisation. As we look back we see the long distance we have covered and as we look forward, the future beckons us with promise of further progress.

To review developments over the last year, a Leftist United Front Government which assumed power in West Bengal after the mid-term elections in February 1969, vacated office with the resignation of the Chief Minister in March 1970; this was followed by declaration of President's Rule over the State and dissolution of the Assembly. However, unsettled conditions still continued and economic growth and progress of industry in the State were adversely affected by the deteriorating law and order situation and labour unrest. Let us hope that with restoration of the Parliamentary form of government in the State, as a result of mid-term elections held in March 1971, all political parties will endeavour to bring about a climate of stability and orderliness so that West Bengal may also participate in and derive benefit from the economic and industrial revival in the country, of which there are now unmistakable signs.

The decisive victory which the party led by the Prime Minister won in mid-term election to the Lok Sabha held in March 1971 should facilitate implementation of the Government's programme for urgent economic development and social reform. This should also lead to increasingly favourable conditions for greater investments so that there may be accelerated growth in industrial activities and employment. However, I should mention that our expectations in this regard have suffered some set-back from the recently announced budget proposals for 1971-72; later in this statement I shall deal with certain main features which are likely to affect your Company.

Just when industry and commerce in the country as a whole, and West Bengal in particular, were beginning to look forward to a period of stability after the recent elections, the events in Bangladesh across the border have cast their shadows over the entire country. Millions of evacuees are pouring into the country. West Bengal and some of the neighbouring States are confronted, as a result, with an enormous task of providing food and shelter to these terror-stricken people. This has added a new dimension to our problems and our economy and society are under great strain.

It is against this background that the performance of your Company during the year 1970 and its future outlook should be considered.

Sales

In 1970 the benefit of the third paper making machine installed at Tribeni Mill towards the end of 1969 began to be felt and sales for the year, at Rs 5.44 crores, were 26.15 per cent higher than in 1969. Demand for the Company's products continued at a very high level but unfortunately the full potential of the additional machinery could not be achieved during the year. In my statement last year I mentioned that unfavourable labour conditions had resulted in a complete shut-down of the newly installed machine until March 1970 and that production on the two older machines had also been affected. While, initially, production improved quite steadily after the settlement with the Union in March, further progress was impeded by State-wide hartals and the go-slow tactics adopted by certain sections of workers. At the end of the year output was also restricted by an unfortunate breakdown of the main drive motor of the third machine, but in this case the resultant loss was met by a claim for about Rs 6 lakhs under a loss of profits insurance policy.

I am pleased to say that 1970 was another good year for exports, and, in spite of shipping difficulties during the year arising from labour problems and strikes at Calcutta docks, export sales, at Rs 95.48 lakhs, showed a substantial improvement over the 1969 figures, rising by Rs 12.40 lakhs.

Profit, Taxation and Dividend

The profit before taxation for the year amounted to Rs 1,15,16,193 against Rs 1,07,73,940 for the previous year. Although, as already mentioned, sales were higher in 1970, the increase was not sufficient to make any significant contribution to the profits of the Company because of a number of interruptions in production.

Provision for taxation for the year 1970 amounted to Rs 50,15,000 compared to Rs 14,20,000 for the year 1969. The lower tax liability in 1969 was, as you will recall, due to a substantial claim for development rebate because of the installation of the third machine.

Transfer to Development Rebate Reserve during the year under review was Rs 3,01,257 (previous year Rs 47,28,842) and transfer from Development Rebate Reserve amounted to Rs 1,58,222 (previous year Rs 5,30,224). After adding a small surplus brought forward from the previous year, the profit available for appropriations amounted to Rs 63,58,695 against Rs 79,97,291 in the previous year. During the year 1970 the Company paid an interim dividend of 7 per cent which absorbs a sum of Rs 26,68,148. Of the balance a sum of Rs 947 has been transferred to Capital Reserve and Rs 36,89,600 to General Reserve.

On 27th October 1970 the first and final call of Rs 7 per share was made on

11,39,120 equity shares issued to the public at the end of 1969. Your Directors, after a careful consideration of the Company's present and future resources, decided to recommend the payment, out of General Reserve, of a final dividend of 8 per cent subject to tax, on the paid-up value of 43,81,200 equity shares, making a total of 15 per cent for the year. If this recommendation is accepted, the final dividend will absorb a maximum sum of Rs 35,05,000.

You may have noted that this year we have changed over to the vertical form of Balance Sheet which I hope you will find more useful and meaningful.

I would also take this opportunity to mention that following the change in the accounting year of our parent Company in the UK we have decided that in future our own accounting period will run from October to September and our next accounts will be made up for a nine-month period, from January to September 1971.

Research and Development

Since the inception of the Tribeni Mill we have laid considerable stress on research and development, and this has contributed greatly to the operational efficiency of the mill by enabling us to adapt our manufacturing methods to local conditions. I shall give you a recent example of our development efforts in the vital field of raw materials.

For a number of years your Board has watched with concern the diminishing supply of Sann hemp and old hemp materials which have in the past been our main raw materials for cigarette paper and our other speciality tissues. When the Tribeni Mill first started production in 1950 Sann hemp and old hemp rope cuttings were in plentiful supply in Uttar Pradesh, but over the years there has been a drastic fall in hemp cultivation. This has been due to the fact that despite the increased requirements of the paper industry, various other economic factors have influenced the cultivator to reduce the acreage under hemp. Until recently Sann hemp was being used extensively for well ropes and other domestic purposes. Green hemp was used as a manure and large quantities were also exported for paper-making and ropemaking. Now with the rising standard of living and the spread of power irrigation, there is less demand for rope and since the introduction of fertilizers less hemp is used as green manure. Similarly, because of rising prices overseas papermakers have switched to the cheaper flax tow from Russia, China and a number of European countries. Exports have therefore fallen also. Further, the increased profitability of other cash crops has led to the diversion of the acreage under hemp to these crops. As a result of these various factors, the Sann hemp crop has fallen from about 150,000 bales in 1956-57 to about 25,000 bales in 1969-70. Apart from our own increased requirements, other papermaking concerns have also entered the field and the scramble for supplies has led to a steep rise in prices.

In view of the difficult supply position and the growing demand for cigarette tissue, your Company has been investigating other possible fibrous raw materials for use in cigarette tissue, particularly jute, which is more abundantly and more readily

ly available than Sann hemp. After much laboratory work in our Development Section and machine trials to ensure that the new quality met the specifications in all respects, sample bobbins were sent to our cigarette customers for testing. The new furnish passed the exhaustive tests which such papers have to undergo and with customer's approval, jute became a regular component of cigarette tissue from 1st July 1970. This development work, representing a break-through in the technology of cigarette tissue manufacture, has thus broken the Company's dependence on the uncertain Sann hemp crop, and since jute and mesta are available in much larger quantities in various parts of the country, our customer's future supplies are ensured. In addition, the Company is giving active support to the UP Government in its schemes to promote better methods of Sann hemp cultivation and higher yields. It is also encouraging the growth of Sann hemp in other parts of the country.

In carrying out its research and development work, your Company pays special attention to the question of import substitution and a deliberate policy in this regard is followed. For example, as a result of our own efforts a plant was set up in Tribeni in 1960 to manufacture Precipitated Calcium Carbonate a vital raw material for cigarette tissue. Since the plant came into operation it has saved the country over Rs 2 crores of valuable foreign exchange.

Having regard to the important contribution which research and development makes to the progress and prosperity of the Company, your Board has decided to enlarge its activities in this field. As a member of the Wiggins Teape Group, the Company also benefits from regular technical assistance received from the Group's Central Research and Development Organisation in the UK. This assistance continues to be of great value and will be particularly so when we start on our next phase of diversification and expansion to which I shall be referring later. However, there are already indications that as our research establishment grows, it will not only undertake development work of a local nature, but also make a more positive contribution to the total development effort of the Wiggins Teape Group.

In order to put the arrangements for technical collaboration with Wiggins Teape Limited on a proper basis, we propose to enter into a Technical Aid Agreement with them and active steps in this direction have already been taken.

Expansion

In my statement last year I mentioned that the Company had under consideration plans to diversify its production further and to manufacture an additional range of industrial speciality papers which were at present being imported. These plans have now become firm and an application has been made to the Government for an industrial licence for a new paper mill in the South of India to manufacture a number of speciality papers for the electrical industry, as well as our existing lines. The exact site has still to be chosen, but the area being considered has a number of advantages. It is central to existing customers and to other potential customers for the new grades, ample

water is available and the site is well served by road and rail. Raw materials are available from the neighbouring States. Electricity is cheap and plentiful and ample unskilled labour is available in the area.

There is a growing demand for our products, both at home and overseas, and in order to meet this it is essential that we bring new capacity into production in the next few years. We hope therefore that the Government will consider our proposal favourably and issue the necessary licences as early as possible.

Personnel

Your Company has always followed a progressive personnel policy and we believe it provides service conditions which are comparable with the best in the country. It is a matter of regret that despite this enlightened policy, agitations and go-slows affected our industrial relations during the year. In 1971 also production has been lost due to a strike which commenced on the 20th January and ended on 2nd March 1971, when an agreement was reached with the Union after protracted negotiations. It is my sincere hope that the employees will now avoid the agitational approach and make every effort to achieve higher productivity, as their well-being is ultimately linked with the continuing prosperity of the Company.

I reported last year that your Company was conscious of the need for management development, and steps have been taken during the year to build up a sound team for the next phase of expansion.

Since the last Annual General Meeting, Mr C. M. Broadbent and Mr B. F. Coupland, Directors, relinquished their respective offices to take senior appointments with the Wiggins Teape Group outside India. Mr J. C. Basu, Finance Director, also retires from the Company with effect from 1st June 1971. All of them played a significant role in the development of the Company, and I would like to place on record the Board's appreciation of the valuable services they have rendered. I would also like to welcome, on your behalf, Mr S. B. Sengupta, who has been appointed to join the Board as Finance Director with effect from 1st June 1971, subject to your approval at this meeting.

I should also like to thank all those employees who by their efforts have helped towards the progress of the Company in 1970, and in particular Mr R. A. Traill, Managing Director, and my other colleagues on the Board.

Future Outlook

I have already explained that the Company has not derived the full benefit of the expansion in 1970 due mainly to loss of production in the first quarter. It is unfortunate that the results for 1971 will again be affected in a similar fashion because of the strike at the beginning of the year.

I have already referred to the recently announced budget proposals for 1971-72. While the full implications of these proposals still remain to be examined and

assessed, certain main features which are likely to affect your Company may be noted. Although the paper industry continues to remain on the list of priority industries which has been curtailed, the special tax concession is reduced from 8 per cent of the profits to 5 per cent. The benefit of development rebate will be withdrawn in respect of investment after May 1974. In calculating the limit of 6 per cent of the capital for purpose of tax exemption for new industrial undertakings, debentures and long-term borrowings will no longer form constituents of the capital. A ceiling of Rs 5,000 per month is imposed on the remuneration of Company employees which would be deductible in the computation of Company profits.

Nevertheless, given a reasonably satisfactory political and economic situation in the country, especially West Bengal, prospects beyond 1971 are on the whole promising. I am also fairly optimistic about the longer term outlook. As I have already mentioned, an application has been submitted to the Government for an industrial licence for a new paper mill in the South of India to manufacture a number of speciality papers for the electrical industry, as well as our existing lines. Assuming the Government issues the necessary licences at an early date, we can look forward to an era of further progress for the Company.

(Note: This does not purport to be a record of the proceedings of the Annual General Meeting)

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The Chartered Bank Organisation

Chairman, Mr W. G. Pullen's Statement

THE following are extracts from the Statement and Overseas Survey by the Chairman, Mr William George Pullen, to be presented at the Annual General Meeting of the Chartered Bank on 30th June 1971, at 38 Bishopsgate, London, E.C. 2:

Our merger with our friends The Standard Bank Limited was effective from 1st January 1970 and in the ensuing year most satisfying progress has been made towards our final goal of the closest possible collaboration compatible with the interests of the respective banks and thereby those of the shareholders in our joint fortunes. In particular, plans are well advanced for a joint international division which in size and diversity will have greater scope for handling the large and widespread demands of international companies and yet will still give that personal service which our customers, no matter how small or in what part of the world, have come to expect.

Although, as usual, the year did not pass without one or two political setbacks, the most important of which was the nationalisation of our business in Libya, 1970 was a successful year in which we were able to take full advantage of steady conditions in most of our territories and of increasing world trade. Once again too the relative stability of all the major currencies enabled us to give exchange cover to our large trading customers without undue risk to ourselves, and in this connection it is reassuring that H.M. Government has agreed to renew the guarantees against the effects of devaluation for those countries of the sterling area maintaining the greater portion of their overseas balances in London. Furthermore, in spite of some underlying weakness in the United States dollar, and a reluctance of some of the more powerful countries to regard Special Drawing Rights as desirable alternatives to gold and currency holdings, there has been an obvious concerted effort by central bankers to play down, and eradicate if possible, any disparities arising from pressures in the foreign exchange market. Whilst changes in the parities of any of the world's leading currencies might therefore appear unlikely in the near term future we cannot overlook the extraordinary power generated in free Euro currency markets which could exert sufficient pressures from the flow of hot money to over-ride the monetary policies and interests of individual countries. The United States dollar will, however, continue to suffer all the stresses, which we know so well, of being a reserve currency. There is too, in spite of more inclination to write and talk of a world central bank, very little likelihood of a fundamental change in the present system for a long time to come.

Mention has been made of the nationalisation of the Commercial Bank S.A.L. in Libya, the first joint Libyan bank founded and in which we held forty-nine per cent of the capital. It is not easy to understand either the political or economic

reasons for this action but Libya, a rich country, has promised to pay full compensation. Last year I referred to our expectation that India would reimburse us in full for the nationalisation of the Allahabad Bank Limited, and I am pleased to say that we have received the first of the three compensation instalments. Only Burma still shows no intention of honouring its promises and obligations and so assumedly can still have no plans for enlisting overseas aid to underpin its ailing economy.

This Year's Accounts

The consolidated balance sheet figures have again increased and this year total £1,010 millions, an increase of £75 millions over the figure for 1969. Current, Deposit and Other Accounts have increased by £60 millions and Advances to Customers and Other Accounts by £50 millions. In The Chartered Bank's own accounts £4,400,000 has been transferred from inner reserves to the Reserve Fund which now stands at £22 millions. In the Group accounts, capital and consolidated published reserves together with the balance on profit and loss account now total £34,210,908, an increase of £5,046,998 over the corresponding figure for 1969.

Dividends are now payable in their entirety to our parent, Standard and Chartered Banking Group Limited, whose first accounts to 31st March 1971 cover a period of 15 months. In consequence the dividends, paid and proposed, totalling £2,950,000, which appear in the profit and loss account exceed by £590,000 the amount which would be required on a twelve months' basis. To accommodate the excess payment The Chartered Bank's own transfer to Reserve Funds from published profits has been reduced from a figure of £1,000,000 in 1969 to £600,000 and there is a reduction in the carried forward balance on profit and loss account from £1,045,622 to £948,790.

Introduction to Overseas Survey

In order to adjust more nearly to the yearly report of our friends The Standard Bank Limited this survey covers a period of fifteen months to the end of March 1971, which is perhaps useful for the last three months of the period saw some unusual and unexpected political twists and changes affecting some of the countries in which we operate.

Generally speaking the Vietnam war has been going on so long that as such it no longer commands over-riding interest and it is significant that newspapers both in the United States and in this country think that the only events worth stressing are so-called reserves for the United States and South Vietnam forces. Full credit is seldom given for the steady progress achieved, particularly in restoring large areas of South Vietnam to near normal conditions and to the building up of that country's armed forces to a strength that will prevent the country falling into communist hands as United States forces

are withdrawn. There is still some concern in neighbouring countries that political pressure in the United States is dangerously accelerating the running down of both personnel and effort but President Nixon and his Chiefs of Staff are hardly likely to countenance any precipitate moves in negation of the principles involved in the intervention: nor could they for one moment allow it to be thought that all the effort and loss of life had been in vain.

Reference is often made to the problem of the developing countries with particular emphasis on the extent to which their agricultural produce, and hence often their economies, are at the mercy of world prices but for many years now in even the more developed as well as the underdeveloped countries of Asia another problem has been increasing and now coming on top of the population explosion bids to outweigh all others. This is the ever growing trek of the country people to the large cities in the area and many governments are at their wits end to find solutions for the traffic congestion, pollution and squalid living conditions that arise from the overcrowding in the vast conurbations of the countries' capitals. Plans to assist agriculture and stop the denuding of the country-side are seldom effective and even with increased budget allocations for welfare few countries have sufficient resources to arrest let alone eradicate these social evils. Perhaps this should now be the main area for international assistance, be it soft loans or technical aid.

India

At the opening of the year the situation in India was, to say the least, confused as there was complete indecision at the Centre and a total lack of leadership while in many States, especially in West Bengal, the outlook was indeed cheerless. The Congress Party had been torn asunder and Mrs Gandhi found herself the head of a minority government whose sole objective was to remain in power with a view to strengthening its position until fresh elections could be held which her party could hope to win. To accomplish this Mrs Gandhi sought the support of minority parties and as was inevitable, insecurity led to indecision so that the major problems which faced this great sub-continent remained unresolved and the country, to an extent was allowed to drift without guidance or leadership.

Although the general elections were not due to be held until 1972 it is a measure of the political acumen of the Prime Minister that she accurately assessed the mood of the country by calling an early election in 1971 almost a year before it was due and her judgement was vindicated by her Party obtaining an overwhelming majority in the lower house. By discarding many of the stalwarts in the old Congress Party she portrayed a new image, which was reflected in her own approach to the public and helped the swing in her favour. The second largest party, which hardly constitutes opposition, is the divided communist party and it is interesting to note that of the twenty-five members of the C.P.M. no fewer than twenty were elected from West Bengal. This suggests that the communist party, despite all the vicissitudes through which the country has

passed, has not gained in stature since the last election.

With the necessary two-thirds majority the Prime Minister will now have full powers to promote her policies and will have a continuing degree of stability in the administration. However, there will not now be the excuse of a divided government for failing to honour election pledges and the voters will now expect Mrs Gandhi not only to implement her policies but also to show that they are beneficial to the country in order to prove she is worthy of support. The destiny of a vast population estimated to be 570 million persons, depends on democracy in India under her leadership moving forward peacefully and above all with stability. The greatest test is likely to come in the effectiveness of the steps which must be taken to restore law and order. Whatever the basic causes of unrest, political, economic or straightforward discontent at living conditions, no country can hope to make progress until a modicum of discipline is installed into its labour force. For too long the authorities have been sitting on the fence and allowing employers to bear the brunt of violent and other labour disruptions, which threaten the whole structure of the economy. Over the past year or so there has been a divergence of opinion in the thinking of the Government in power and that of the country's industrialists on future development as there has been an apparent preference for government to give scope and assistance to a new group of entrepreneurs to the detriment of expansion by the already existing internationally-known business houses. Whether this policy will, in the course of time, bear fruit is a matter for conjecture but at this crucial period in the country's fortunes it may have been wiser for established entrepreneurs to be given more scope to utilise advantageously their expertise and resources. In many ways 1970 was a year of disappointments and while there have been gains in certain sectors there were serious setbacks in others. The most rewarding achievement was in agriculture, where for the fourth year in succession there was an excellent harvest, and it was possibly because of this good fortune and the sufficiency in good grains that Mrs Gandhi's party decided to hold the elections at a time when conditions otherwise were far from propitious. At last the government's rather belated official recognition of the importance of agriculture is reaping its reward. Unfortunately any increase in the output of foodgrains is to some extent nullified by the continued substantial rise in the population figures, and this seems an insoluble problem.

The satisfaction which may have been engendered by the welcome increase in foodgrains must be, to an extent, tempered by a lack of progress by industry, which is still hampered by an inadequate utilisation of capacity. Consumer goods industries probably suffered least from the recession but the position of the manufacturers of intermediate and capital goods, particularly the latter, remains most unsatisfactory and until the resources of these two sectors are better utilised there is little chance of improving the country's overall rate of growth or of attracting substantial overseas investment.

The nationalisation of the fourteen largest commercial banks caused no undue

local concern for, as far as can be ascertained, this move has enabled the government to fulfil its aspirations and policies of diverting funds to the farmers and to small scale industries. What is more in doubt is whether the tenets of prudent banking are being applied in the provision of such finance and there could well be a build up of large, uncovered debts, with considerable embarrassment in the future. It is to be hoped that any cumulative effect will not be too serious for the reputation of any particular bank even though government will assuredly have to bale out any institutions in trouble.

The expansion of credit over the year was larger than expected and it became necessary for the Reserve Bank of India to caution banks on the need for greater credit restraint. Lending restrictions were placed on the banking system through an increase in statutory liquidity requirements and by an increase in the bank rate from five to six per cent, the first increase since 1968.

From the foregoing it would seem that India's problems are entirely internal ones, but externally too India encounters all the difficulties of avowed neutralists without becoming seriously involved, except recently with Pakistan. Feelings ran high after the hi-jacking of an Indian plane but in aligning herself with the plight, if not with the aspirations, of the East Pakistanis in their troubles with the Pakistan government, the Indian government seems to have taken a line, rightly or not, that must delay the return of the peaceful relations so necessary for the prosperity and progress of both countries.

Conclusion to Overseas Survey

Once again in studying the relative progress of countries of South East Asia and the Indian sub-continent over a year, or in this case fifteen months, there is confirmation that irrespective of the type of constitution those countries with the liberal policies are the most successful. Even adverse movements in world commodity prices seem to have less undermining effect than the narrow often nationalistic orientated restrictions which eliminate competition and stultify growth and perhaps the most regrettable sign of this at the moment is the increasing popularity of state trading organisations. This type of trading concern formed by the state taking away profitable business from private hands is the socialists' dream and the civil servants' delight and once started, as in India where it was designed to handle the barter trade with communist countries, it spreads with the ambitions of the socialists and bureaucrats in all directions where profit is envied and control is desired for controls' sake. The final outcome is nearly always the same, efficiency decreases, performance becomes erratic and prices rise. In this context it is noteworthy that in those countries with liberal minded statesmen, politically mature and at home on the international scene, there is a realisation that trading is best left to the life-long experts and that the state reaps its rewards in the more efficient running of its country and from the taxes levied on the profits earned from economic and competitive trading.

Banks are no exception to this general rule and again those experienced Finance Ministers and Governors of central banks

who realise the very full part that large and secure banks can play in competition in promoting savings and encouraging industrial expansion and agricultural efficiency are not disappointed, we are sure, at the whole hearted manner in which The Chartered Bank and others, traditionally associated with the area, ally themselves with the aspirations of the countries in which they are operating.

GENERAL NOTICE TO THE MEMBERS OF PUBLIC

In terms of provisions contained in Rule 4A of the Monopolies and Restrictive Trade Practices Rules 1970 it is hereby notified for the attention of the members of public that our Company viz Messrs. GOETZE (INDIA) LIMITED having its Registered Office at Escorts House, Roshanara Road, Delhi-7 and its Head Office at Block H, Connaught Circus, New Delhi-1 intends to give notice to the Central Government under sub-section (1) of Section 21 of the Monopolies and Restrictive Trade Practices Act, 1969 in regard to its proposal to carry out substantial expansion of its manufacturing capacity of piston rings from 6,000,000 numbers per annum to 26,000,000 numbers per annum, for which an application for a licence under Section 13 of the Industries (Development and Regulation) Act, 1951 is already pending with the Government of India.

The Company is currently manufacturing piston rings and cylinder liners for internal combustion engines in collaboration with Messrs. Goetzewerke Fr. Goetze AG., West Germany. The piston rings manufactured by the Company enjoy reputation of a very high order because they conform to the highest standards of quality comparable to the products of the best manufacturers in the world. It is because of this reason that the majority of the engine builders in the country procure their requirements of piston rings from the Company. Almost 22% of the Company's production of piston rings was exported in 1970 to the highly sophisticated markets of Western Europe. The Company has been finding it extremely difficult to meet the demands of industry as well as trade in the country due to limited production capacity. This has also affected exports of the Company to a considerable extent. It is in view of these reasons that the Company has applied for a licence for substantial expansion.

Any persons interested in the matter may intimate to the Central Government in the Department of Companies Affairs within 14 days from the date of publication hereof his views with regard to the proposal contained in this notice, and also the nature of his interest therein and forward a copy of the same to the undersigned.

M. K. SWAMI
Jt. Governing Director,
Goetze (India) Limited

UNIDO SPECIAL CONFERENCE

Sights raised but not funds

From Our Special Correspondent

VIENNA.

IN India palaces, it seems, are being transformed into hotels; in Austria one of the most famous palaces has been turned into a conference centre. As a result the Vienna-based UN Industrial Development Organisation was able to hold its Special Conference recently in the gilt and glitter of the Hofburg, the winter residence of the Hapsburgs.

One would like to be able to write that the conference, which brought together delegates from 103 countries, was as historic as its setting. After all UNIDO has been given the central role in the UN's efforts to hasten the industrial development of the Third World, and the Special Conference, the first in the organisation's four-year existence, had been convened at the "highest level" in order both to map out the organisation's long-term strategy and to endow it with a suitable institutional framework and adequate financial resources.

The basic problem facing the organisation was neatly summed up by Mr Moinul Huq Choudhury. UNIDO, the Indian Minister of Industrial Development pointed out, has done substantial and useful work and developing countries generally

have benefited greatly from its operations. But this has been in spite of the limitations under which it has been working. The task before the conference, therefore, was to see what should be done "to enable UNIDO to assume a more dynamic and positive role during the second UN Development Decade."

It was a task the assembled delegates carried out imperfectly at best. The blunt truth is that the spirit of confrontation, which has proved so frustrating for the Unctad, was much in evidence during the 8-day session. As in the Unctad the Group of 77 found itself in open disagreement with the developed OECD countries on virtually every issue before the conference, with the result that it took the delegates four days of secret negotiations to reach a semblance of agreement on their recommendations to the UN General Assembly (of which UNIDO, like Unctad, is an organ).

The greater part of these recommendations deals with UNIDO's long-range strategy and its role in the second Development Decade. The organisation has always prided itself on being operations-oriented; much of its activity is in the field, involving direct technical assistance. In India, for example, it is collaborating in a design centre for electrical measuring instruments and helping set up a central creep testing facility at the National Metallurgical Laboratory in Jamshedpur.

This preoccupation with specific projects has kept UNIDO from developing a long-term strategy—and even from drawing up a list of priorities. But as Mr Choudhury pointed out, the question of UNIDO's long-term objectives is of great importance if the organisation is to play an effective role in the 1970's. As it is, its contribution to the international strategy for the second Development Decade has been very limited.

The Indian Minister outlined some of the broader problems the organisation will have to consider in the years ahead: how to help industry in the developing countries take advantage of the progressive shift away from labour-intensive industries in the developed countries, how to organise the transfer of technology so that its cost to developing countries is not prohibitive—in short, how to stimulate effective co-operation between industrialised and industrialising countries.

Most of the recommendations on long-range strategy were drafted by the Group of 77; and if the text finally approved by the conference is often diffuse and repetitive, it is certainly comprehensive. The conference made clear its desire to see UNIDO involved, alone or in collaboration with other UN bodies, in virtually every aspect of industrialisation, from the training of technical personnel to the promotion of multinational industrial projects. Not satisfied with this, the delegates went on to recommend to the General Assembly that it ask U Thant to appoint a small group of high-level experts "to carry out

the important task of formulating... the long-range strategy for the activities of UNIDO."

But if the Group of 77 succeeded in persuading the developed countries to support most of its recommendations as regards the scope of the organisation's activities, it failed miserably in its efforts to secure the organisation the money needed to finance so ambitious a programme. Of course there has been a gulf from the beginning between the role assigned to UNIDO and the financial resources made available to it. In 1970, for example, total resources amounted to \$32 million (although expenditure that year on field operations came to only \$13 million). The organisation hopes to obtain some \$49 million for 1972 and while this is a substantial increase over the 1967 figure, it is not large in terms of needs. As an Indian note pointed out, UNIDO's contribution towards pre-investment activities in the manufacturing sector was not even 1 per cent of the requirements of developing countries.

Although no figures were put forward, the developed countries (including the Soviet Union) made abundantly clear their reluctance to contribute additional funds to UNIDO. They agreed, however, that the UN Development Programme, which is the main source of financing for UNIDO's operational activities, should increase its allocations, although not to the level favoured by developing countries. But even a proposal to set up an *ad hoc* committee to examine how additional resources could be made available to UNIDO was turned down by the developed countries, who threatened at the last minute to withdraw their support from the recommendations to the General Assembly if the offending paragraph were retained in the draft.

The developing countries also tried to secure a higher volume of financial resources for UNIDO by pressing for its transformation into a specialised agency (such as the FAO). Such a step would automatically make available to the organisation substantially higher financial resources and give it both financial and administrative autonomy. If all the developed countries were opposed to such a move, so were a number of the developing, although in order to maintain the unity of the Group of 77 they refrained from saying so. (If UNIDO were made into a specialised agency, countries with a relatively high GNP, such as India, would have to make a substantial contribution to its budget.)

But the developing countries were equally unsuccessful as regards their efforts to endow UNIDO with a periodic conference as in the case of Unctad. Their proposal for an international conference every two years to review the organisation's activities and evaluate its strategy was resisted by the industrialised countries, so that the next conference is not expected to take place until 1974 or 1975. Moreover, their proposal to set up two subsidiary organs was substantially modified

LABOUR GAZETTE

Started in 1921, the *Labour Gazette*, issued monthly, is a journal for the use of all interested in obtaining prompt and accurate information on matters specially affecting labour in India and abroad. It contains statistical and other information on consumer price index numbers for working class, industrial disputes, absenteeism, trade unions, industrial relations, cases under labour laws, glimpses of industrial awards, labour legislation, etc. Special articles on matters connected with labour and industrial relations are published from time to time.

• *Annual Subscription* (September-August): Rs. 12.

• *Back Copies*: If available, supplied at Rs. 15 per set.

• *Advertisement Rates* can be had on request.

All correspondence and remittances should be addressed to:

THE COMMISSIONER OF
LABOUR AND DIRECTOR OF
EMPLOYMENT,

Commerce Centre,

Tardeo, Bombay-34 WB (India)

during the course of the confrontation: only one organ—a permanent Committee of the Board—is to be set up.

Not surprisingly, the results of the Special Conference were regarded with considerable disappointment by the developing countries. Even those of their proposals which were finally retained were so watered down that some observers believe the debate is likely to be reopened this autumn when the General Assembly takes up the Conference's recommendations. The Group of 77 did not even have the moral satisfaction of seeing their draft resolution receive a majority of the votes; early in the proceedings they agreed that no votes would be taken.

From the purely Indian point of view the results were perhaps reasonably encouraging. As Mr Choudhury pointed out, the inadequacy of funds available to UNIDO is an important limitation on its activities, and to this extent India must share the disappointment of other developing countries at the failure of their combined efforts to increase the organisation's financial resources. But this disappointment will be tempered by the realisation that a country as industrially advanced as India cannot expect large-scale help from UNIDO, which is more likely to focus its efforts on the industrially more backward countries and regions

In any case, the role of UNIDO will remain that of a catalyst. It is important, therefore, that the organisation innovate rather than follow and thus point the way to the structural changes which will be needed in the economies of developed countries if the developing ones are to industrialise rapidly. UNIDO's efforts in the field of export development and product adaptation are to be welcomed, therefore, and the Indian Minister did well to congratulate the organisation for its initiative in this direction.

UNIDO also has a role to play in the transfer of technology to developing countries, although the field seems to have been pre-empted by Unctad. To the extent that India's need is for the advanced technology possessed mainly by private firms there is probably little that UNIDO can do to help. However, the Conference has recommended that the organisation help developing countries in the application, adaptation and development of technology.

But if India needs experts in certain fields she is in a position to supply them in others. Mr Choudhury's suggestion that UNIDO make greater use of the expertise available in developing countries was endorsed by the conference, although the beneficiary countries themselves may prove to be an important obstacle to the greater use of experts from developing countries for UNIDO-sponsored technical aid programmes; many of them continue to show a preference for experts from developed countries. It is all the more encouraging, therefore, to note that India is the largest supplier of field experts to UNIDO after the United States. On the other hand, the number of Indians working at the organisation's Secretariat in Vienna will remain small until such time as UNIDO acquires greater administrative autonomy. □

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BALANCE SHEETS

SHEEP BREEDING FARM PROJECT

Raymond Woollen's march

THE Raymond Woollen Mills Ltd (Chairman and Managing Director: Mr Gopal Krishna Singhan, Bombay) has achieved a better performance for the year ended December 31, 1970. The company's sales rose to Rs 10.5 crores from Rs 9.1 crores in the previous year. The gross profit rose to Rs 103 lakhs from Rs 90 lakhs. The net profit, after depreciation and taxation amounted to Rs 43 lakhs (Rs 36 lakhs). The ordinary dividend was 12 per cent (12 per cent) payable on the enhanced capital. In the year under review, the ordinary subscribed capital of the company was raised from Rs 1.05 crores to Rs 1.26 crores by issue of bonus shares in the ratio of 1:5.

The company's gross profit margin works out to 9.8 per cent as in the previous year. The ratio of net profit to net worth comes to 14.5 per cent (13.2 per cent).

The operations in the woollen mills division were maintained at the highest levels. The second modernisation scheme undertaken for this division and the wool combing division will continue through 1971 and 1972. During the year, 40 new Sulzer weaving machines were installed making a total of 74 Sulzers in full current operation. Besides the term loan of Rs 1 crore sanctioned by the company's bankers to finance part of the cost of the second modernisation scheme, the ICICI has also sanctioned a loan of Rs 90 lakhs

was also higher than in the previous year. Exports in quantity rose by about 58 per cent and represented above 50 per cent of the output.

The company has undertaken a scheme of research and development for sheep breeding and wool production in India with a view to producing locally Merino type wool required for the manufacture of suitings. This is a long-term scheme and will require many years to come to fruition. The Government of Maharashtra has granted to the company lease of forest land measuring about 10,132 acres in the west Dhulia forest division for use exclusively for the establishment of a sheep breeding farm. The company will pay over Rs 9 lakhs to the Government towards the capital expenditure incurred by it on this lease land. An amount of Rs 5.06 lakhs paid to the Government on this account together with other capital expenditure totalling in all Rs 5.36 lakhs has been written off in the profit and loss account for the year as capital expenditure on scientific research relating to this project. The company's overall exports for the year were Rs 1.53 crores (Rs 1.25 crores).

Gold Mohur Mills

SALES of the Gold Mohur Mills Ltd (Chairman: Mr Ratansi Mulji, Bombay) for the year ended December 31, 1970 amounted to Rs 5.6 crores against Rs 5.4 crores in the previous year. The gross profit was Rs 47 lakhs (Rs 57 lakhs). The net profit, after depreciation and taxation, came to Rs 13 lakhs (Rs 25 lakhs). The ordinary dividend was stepped up by 1 per cent to 12 per cent payable on the enhanced capital. In the year under report, the ordinary subscribed capital of the company was raised from Rs 70 lakhs to Rs 80 lakhs by issue of bonus shares.

The company's gross profit margin works out to 8.3 per cent against 10.5 per cent. The ratio of net profit to net worth comes to 8.4 per cent (15.9 per cent).

In the year under review, four high-speed draw frames, six roll to roll machines and some humidification equipment were installed. Two sets of high-speed combing machinery and four high-speed draw frames were also installed. Orders are proposed to be placed for two high draft-speed frames, four high-speed draw frames, two cone winders and three superspinner ring frames. It is also proposed, subject to the necessary foreign currency loan being obtained, to order one set of high-speed combing machinery.

Garment Enterprises Ltd, in which the company had a 50 per cent share, during the year incurred a loss of Rs 15,084 (loss of Rs 23,815). Sales during the year were maintained at about the same level

as those of the previous year. The Company Law Board have approved the proposed investment of Rs 6.12 lakhs by Gold Mohur in the purchase of 7,000 ordinary shares of Garment Enterprises Ltd to be completed before June 30, 1971. Accordingly the company will purchase the shares

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings ..	568.82	541.30	496.09	456.69
Sales including excise duty ..	562.81	537.00	512.23	426.29
Other income ..	0.85	0.87	2.41	5.71
Stock adjustment (of finished goods) ..	+5.16	+3.43	-18.55	+23.69
Opening ..	48.93	60.80	79.05	56.86
Closing ..	60.09	63.93	60.50	70.05
Total expenses ..	522.09	484.64	476.00	387.64
Materials and stores ..	190.50	189.35	207.74	180.06
Salaries and wages ..	154.34	141.84	136.32	128.87
Excise duty etc. ..	7.63	7.31	6.22	6.12
Other expenses ..	160.62	146.14	125.81	102.60
Gross profit ..	46.78	56.66	20.00	69.05
Depreciation ..	17.63	18.33	18.06	17.95
Managing agency remuneration ..	—	—	0.50	3.84
Profit before tax ..	29.10	38.33	1.45	47.26
Taxation ..	15.00	13.59	—	24.07
Profit after tax ..	13.50	24.74	1.45	22.89
Withdrawals from reserves ..	—	—	8.00	2.46
Adjustments in respect of prior years ..	+1.58	+0.71	-2.82	-1.89
Development rebate ..	1.57	6.97	—	3.67
Other reserves ..	4.00	9.50	—	8.50
Ordinary dividend ..	9.00	8.80	7.00	10.50
Carry forward ..	(12%) 0.25	(11%) 0.33	(10%) 0.15	(16%) 0.52
Market prices of ordinary shares (in rupees):				
High ..	150.00	176.00	175.00	164.00
Low ..	138.00	135.00	130.50	120.00

in question before the stipulated date and upon the completion of such purchase, Garment Enterprises Ltd will become a wholly owned subsidiary of Gold Mohur.

Finlay Mills

THE Finlay Mills Ltd (Chairman: Mr Ratansi Mulji, Bombay) has increased its sales for the year ended December 31, 1970 to Rs 5.3 crores from Rs 4.5 crores in the previous year. The gross profit was Rs 63 lakhs (Rs 60 lakhs). The net profit, after depreciation and taxation, amounted to Rs 21 lakhs (Rs 23 lakhs). The dividend has been stepped up by one per cent to 12 per cent payable on the increased capital. In the year under report, the subscribed capital of the company was raised from Rs 60 lakhs to Rs 80 lakhs by issue of bonus shares in the ratio of 1:3.

The company's gross profit margin works out to 11.9 per cent against 13.2 per cent. The ratio of net profit to net worth comes to 11.8 per cent (14.1 per cent).

In the year under review, two sets of high-speed combing machinery, one fap-tex high production finishing range, one briem type sizing, starching and squeezing mangle and three high speed draw frames were installed. Orders are proposed to be placed for a semi-continuous dyeing range, one high pressure high temperature dyeing plant, two high draft speed frames, four high speed draw frames, two cone winders and five superspinner ring

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings ..	11,10.72	974.21	866.72	711.27
Sales including excise duty ..	10,59.34	913.00	821.96	700.28
Other income ..	56.10	43.65	61.08	20.10
Stock adjustment ..	+1.27	+17.56	-16.92	-9.17
Opening ..	86.97	69.41	86.33	95.50
Closing ..	88.24	86.97	69.41	88.38
Total expenses ..	10,07.23	884.34	800.55	658.71
Materials and stores ..	460.05	444.28	591.97	529.72
Salaries and wages ..	185.33	177.57	167.73	124.01
Excise duty ..	122.97	80.24	94.70	79.16
Other expenses ..	238.84	178.25	146.00	125.22
Gross profit ..	103.50	89.87	66.17	52.56
Depreciation ..	40.06	31.81	26.98	21.76
Managing agency remuneration ..	—	—	2.27	0.82
Profit before tax ..	63.44	58.06	36.97	29.98
Taxation ..	20.00	22.00	10.00	—
Profit after tax ..	43.44	36.06	26.97	29.98
Write backs ..	—	—	0.61	—
Development rebate ..	15.20	6.20	3.90	8.87
Other reserves ..	11.50	15.80	9.40	5.10
Dividends:				
Preference ..	1.62	1.62	1.62	1.62
Ordinary ..	15.12	12.44	12.00	12.00
Carry forward ..	(12%) 0.25	(12%) 0.25	(12%) 0.25	(12%) 0.25
Market prices of ordinary shares (in rupees):				
High ..	25.50	20.00	12.00	13.76
Low ..	17.60	11.80	10.12	10.24

in foreign currencies to meet the foreign exchange requirements of the scheme. In the wool combing division, the combing output was 16.4 per cent higher than in the previous year and the operating results were satisfactory.

In J. K. Engineers' Files Division, production of engineers' steel files and rasps

frames. It is also proposed to order one set of high speed combing machinery, subject

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings ..	685 53	584 57	491 78	458 56
Sales including excise duty ..	530 02	451 52	399 85	342 31
Other income ..	152 14	128 43	113 68	96 90
Stock adjustment (of finished goods) ..	+3 37	+4 02	-21 75	+19 25
Opening ..	48 68	44 08	55 81	46 40
Closing ..	52 05	48 68	44 08	55 81
Total expenses ..	622 67	524 55	470 09	410 38
Materials and stores ..	218 51	267 11	238 81	201 77
Salaries and wages ..	194 24	170 55	157 52	147 95
Excise duty etc. ..	6 55	6 74	6 82	3 29
Other expenses ..	108 38	82 45	67 44	57 37
Gross profit ..	62 86	59 73	21 69	48 18
Depreciation ..	26 87	20 23	21 94	22 15
Managing agency remuneration ..	—	—	0 60	2 29
Profit before tax ..	36 40	39 40	-0 75	23 74
Taxation ..	15 85	16 33	—	11 63
Profit after tax ..	20 55	23 07	-0 75	12 11
Withdrawals from reserves ..	—	—	6 00	—
Adjustments in respect of prior years ..	+1 37	+0 14	+0 73	-1 05
Development rebate ..	6 06	5 77	—	2 37
Other reserves ..	5 50	8 50	—	—
Ordinary dividend ..	9 00	8 00	6 00	9 00
Carry forward ..	0 30	0 35	0 11	0 13
Market prices of ordinary shares (in rupees) ..	1970	1969	1968	1967
High ..	205 00	223 50	230 00	212 00
Low ..	147 00	170 00	163 00	166 00

to the necessary foreign currency loan being obtained. □

Swan Mills

SWAN Mills Ltd (Chairman: Mr Ratansi Mulji, Bombay) had higher sales for the year ended December 31, 1970 at Rs 4.34 crores against Rs 4.19 crores in the previous year. The gross profit was Rs 52.21 lakhs (Rs 52.40 lakhs). The net profit, after depreciation and taxation, amounted to Rs 16.11 lakhs (Rs 19.56 lakhs). The dividend was stepped up by 1 per cent to 13

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings ..	459 54	423 12	373 77	328 68
Sales including excise duty ..	454 54	419 46	364 35	306 74
Other income ..	12 50	12 87	10 43	11 49
Stock adjustment (of finished goods) ..	+12 41	-9 71	-2 01	+10 45
Opening ..	35 40	45 11	47 12	38 67
Closing ..	47 81	35 40	45 11	47 12
Total expenses ..	407 33	369 73	339 35	294 60
Materials and stores ..	167 55	169 23	152 66	125 52
Salaries and wages ..	126 81	110 97	102 66	90 83
Excise duty etc. ..	8 70	8 62	7 73	4 38
Other expenses ..	107 57	85 90	76 30	67 82
Gross profit ..	52 21	52 40	33 42	34 08
Depreciation ..	16 23	15 61	16 27	16 86
Managing agency remuneration ..	—	—	1 73	1 50
Profit before tax ..	35 98	36 79	16 42	15 72
Taxation ..	19 88	17 23	8 12	7 26
Profit after tax ..	16 11	19 56	8 30	8 46
Withdrawals from reserves and write-backs ..	—	0 35	1 10	1 75
Adjustments in respect of prior years ..	+1 39	+0 95	+0 44	-0 81
Development rebate ..	1 40	2 60	0 67	0 02
Other reserves ..	6 00	8 50	9 00	9 00
Ordinary dividend ..	(15%)	(12%)	(15%)	(1%)
Carry forward ..	0 05	0 35	0 20	0 02
Market prices of ordinary shares (in rupees) ..	1970	1969	1968	1967
High ..	195 00	212 00	198 00	191 00
Low ..	145 00	167 00	146 00	143 00

per cent payable on the enhanced capital. In the year under report, the subscribed capital of the company was raised from Rs 60 lakhs to Rs 80 lakhs by issue of bonus shares in the ratio of 1:3.

The company's gross profit margin works out to 12 per cent against 12.5 per

cent. The ratio of net profit to net worth comes to 10.7 per cent (13.5 per cent).

The improvement in the working of the company's mills noticed in the previous year was maintained in the year under report and the mill's working, including that of the cord department, was up to the mark.

In the year under review, four high speed draw frames were installed and two sets high speed combing machinery and a further four high speed draw frames have also since been installed. Orders are proposed to be placed for three superspinner ring frames, two high draft speed frames, four high speed draw frames and one high pressure high temperature dyeing plant. It is also proposed, subject to the necessary foreign currency loan being obtained, to order one set of high speed combing machinery. □

Podar Mills

DESPITE higher sales for the year ended December 31, 1970 at Rs 6.8 crores against Rs 6.2 crores in the previous year, the gross profit of the Podar Mills Ltd (Chairman: Mr Ramnath A. Podar, Bombay) was lower at Rs 66 lakhs (Rs 76 lakhs). This decline in profit is accounted by an all-round increase in the cost of production and higher wage bill. The net profit, after depreciation, was Rs 40 lakhs (Rs 51 lakhs). The ordinary dividend has been maintained at 10 per cent.

The company's gross profit margin works out to 9.6 per cent against 12.1 per

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings ..	708 86	653 12	578 57	473 80
Sales ..	685 83	623 80	554 27	458 43
Other income ..	25 58	40 53	23 98	13 86
Stock adjustment (of finished goods) ..	-2 50	-11 23	-4 66	+1 51
Opening ..	58 16	67 30	72 05	70 54
Closing ..	53 66	56 16	67 30	72 05
Total expenses ..	643 01	577 49	551 10	470 88
Materials and stores ..	392 78	385 05	341 01	287 27
Salaries and wages ..	128 42	118 29	112 11	101 38
Other expenses ..	121 81	124 15	97 98	82 08
Gross profit ..	65 85	75 63	22 47	3 12
Depreciation ..	26 14	24 38	23 44	22 06
Profit before tax ..	39 71	51 25	-0 97	-19 54
Taxation ..	0 47	—	—	—
Profit after tax ..	39 24	51 25	-0 97	-19 54
Withdrawals from reserves and write-backs ..	1 57	0 14	4 68	6 84
Items of prior years ..	25 31	36 08	+0 97	+0 08
Dividends ..	4 70	4 50	4 50	4 11
Preference ..	11 00	11 00	—	—
Ordinary ..	(10%)	(10%)	—	—
Carry forward ..	—	—	0 19	—
Market prices of ordinary shares (in rupees) ..	1970	1969	1968	1967
High ..	10 6	7 80	7 4	7 76
Low ..	6 52	5 80	5 48	5 24

cent. The ratio of net profit to net worth comes to 15.7 per cent (22.9 per cent).

The process house known as "Podar Processors" leased out to Shree Laxmi Traders Ltd, a fully owned subsidiary of the company, worked well. □

Sandvik Asia

SALES of Sandvik Asia Ltd (Chairman: Mr N S Phatarphekar, Poona) for the nine-month period ended December 31, 1970 amounted to Rs 4.3 crores against Rs 4.8 crores for the year ended March 31, 1970. The gross profit was Rs 111 lakhs

(Rs 95 lakhs). The net profit, after depreciation and taxation, amounted to Rs 37 lakhs (Rs 27 lakhs). The dividend has been maintained at 12 per cent.

The company's gross profit margin works out to 25.7 per cent against 19.9 per cent. The ratio of net profit to net worth comes to 17 per cent (13.8 per cent).

The company proposes to issue bonus shares of Rs 22 lakhs in the ratio of one ordinary share for every five shares held.

(In lakhs of rupees)

	For period of 9 months from 1-4-70 to 31-12-70	For the year ended 31st March		
	1970	1969	1968	1967
Total earnings ..	440 33	465 37	286 55	280 88
Sales ..	430 74	479 53	287 85	262 80
Other income ..	1 96	1 84	2 84	9 10
Stock adjustment (of finished goods) ..	+7 63	-16 00	-24 14	+9 18
Opening ..	25 84	41 84	65 96	36 80
Closing ..	33 47	25 84	41 84	65 96
Total expenses ..	329 50	370 17	210 15	229 25
Materials and stores ..	168 18	253 12	94 42	102 98
Salaries and wages ..	61 80	56 77	46 18	45 42
Other expenses ..	99 52	60 28	69 55	80 97
Gross profit ..	110 83	95 20	56 40	51 63
Depreciation ..	22 89	20 38	22 37	22 63
Profit before tax ..	87 94	68 82	34 03	28 80
Taxation ..	51 00	42 00	18 00	11 00
Profit after tax ..	36 94	26 82	16 03	17 80
Development rebate ..	0 90	4 00	3 20	6 12
Other reserves ..	22 83	9 62	1 88	1 88
Ordinary dividend ..	13 20	13 20	11 00	11 00
Carry forward ..	(12%)	(12%)	(10%)	(10%)
Market prices of ordinary shares (in rupees) ..	1971	1970	1969	1968
High ..	314 00	291 00	226 00	181 00
Low ..	253 50	189 00	156 00	145 00

The financial year of the company has been changed from April-March to January-December with the approval of the Income Tax authorities. The company's exports during the period of nine months under review amounted to c.f. Rs 15.70 lakhs. The export orders on hand as on April 1, 1971 are c.f. Rs 35.64 lakhs. □

Shri Ambica

SHRI Ambica Mills Ltd (Chairman: Mr Jaykrishna Harivallabhdas, Ahmedabad) has achieved better working results for the year ended December 31, 1970. Its sales rose to Rs 15.8 crores from Rs 14.7 crores in the previous year. The gross profit was Rs 2.7 crores (Rs 2.2 crores). The net profit, after providing for depreciation and taxation, stood higher at Rs 93 lakhs (Rs 74 lakhs). The ordinary dividend was maintained at 33 per cent.

The company's gross profit margin works out to 17.3 per cent against 15 per cent. The ratio of net profit to net worth comes to 12.7 per cent (12 per cent). The company proposes to issue bonus shares of Rs 1.36 crores in the ratio of 1:1 by capitalising the general reserve. The issue is subject to the approval of the Government.

During the year under review efforts to modernise the plants continued. Extensive renovation and modernisation of the spinning department at unit No. 3, Baroda is nearing completion. Modern high-speed ring frames are being installed in place of old ones. Expansion of the weaving section by 86 automatic looms was completed in the course of the year. The process house at unit No. 1 is being reorganised and expanded in view of the increased production and technological advances in the technique of processing. A rotary screen printing machine and 3 sets of combers are to be imported against

the foreign exchange loan granted by the ICICI.

There was considerable increase in the production of blended fabrics. In the year under review, the tube division continued to face chronic shortage of raw materials. The situation was aggravated by labour unrest at Rourkela and Durgapur plants of the Hindustan Steel Ltd. There was a steady progress in sales as well as in the manufacturing activities in

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings	1701.15	1571.80	1645.39	1321.22
Sales	1583.76	1472.94	1426.15	1297.50
Other income	76.85	88.26	75.55	50.23
Stock adjustment (of finished goods)	+40.54	+15.60	+43.69	-26.51
Opening	113.94	94.24	54.55	51.08
Closing	154.35	113.84	98.24	54.55
Total expenses	1427.42	1350.02	1345.84	1124.33
Materials and stores	882.65	867.71	865.93	702.24
Salaries and wages	269.40	234.79	229.34	221.51
Other expenses	275.41	248.02	252.57	200.58
Gross profit	273.73	221.26	199.55	196.89
Depreciation	67.98	65.85	67.48	60.81
Profit before tax	205.75	155.43	132.07	136.08
Taxation	112.50	81.00	67.00	63.00
Profit after tax	93.25	74.43	65.07	73.08
Write backs	18.18	0.19	5.25	6.66
Development rebate	21.22	10.80	11.37	25.60
Other reserves	44.97	18.50	12.50	12.50
Dividends:				
Preference	0.80	0.80	0.80	0.80
Ordinary	41.89	44.89	44.89	40.80
(33%)	(33%)	(33%)	(33%)	(30%)
Carry forward	0.46	0.46	0.82	0.00
Market prices of ordinary shares (in rupees):				
High	767.00	738.00	660.00	619.50
Low	632.00	594.00	516.00	537.00

the machinery manufacturing division Jute jiggers, star agers, J-boxes, cheese dyeing machines, etc have been added to the existing line of manufacture. The factory building and installation of all the machineries including a deep drawing 400 tons hydraulic press were completed during the year. The company also succeeded in taking the trial production of liquid petroleum gas cylinders

J. K. Chemicals

SALES of J.K. Chemicals Ltd (Chairman: Mr Gopalkrishna Singhania, Bombay) for the 18-month period ended December 31, 1970 amounted to Rs 7.9 crores against Rs 4.2 crores for the year ended June 30, 1969. The gross profit was Rs 242 lakhs (Rs 74 lakhs). The net profit, after depreciation and taxation, amounted to Rs 65 lakhs (Rs 30 lakhs). The ordinary dividend for the period under review was 15 per cent (12 per cent) on the increased ordinary share capital. During the period under review, the ordinary subscribed capital of the company was raised from Rs 36.13 lakhs to Rs 60.22 lakhs by the issue of bonus shares.

The company's gross profit margin works out to 30.8 per cent against 17.6 per cent. The ratio of net profit to net worth comes to 33.5 per cent (21.7 per cent).

The manufacturing facilities of the company were under vigorous maintenance throughout, to keep the plant in a state of high efficiency. However, the highly corrosive nature of the process and the non-availability of some critical equipment including stores and spare parts of the requisite specification and quality locally, resulted in occasional breakdowns and interruptions in production. The zinc dust pilot plant worked satisfactorily, the daily rate of production being three times of that recorded in the previous year.

On July 22, 1970 the Hindustan Shipping Co, a division of JK Chemicals, chartered a small cargo ship (2,810 dwt capacity) under a 54-month bareboat agreement. This vessel is being employed on the Indian coast and adjacent trades. Despite the considerable stringency prevailing in the international money markets the company succeeded in negotiating a line of credit for \$12 million with a leading American bank. But the approval of the loan terms took considerable time as they did not fit into the Government's existing guidelines allowing for a 6 per cent tax free remittable rate of interest, on foreign exchange loans, and which was totally out of alignment with conditions then prevailing.

The company has recently received approval from the Government of India for going into shipping business, subject to the condition that the new undertaking shall be taken up as an independent company in which JK Chemicals together with its interconnected undertakings and associates will directly or indirectly contribute not more than 40 per cent of its ordinary share

(In lakhs of rupees)

	For the period from 1-7-60 to 31-12-70	For the year ended 30th June		
		1969	1968	1967
Total earnings	839.00	410.23	285.88	248.46
Sales including excise duty	787.15	423.53	291.47	215.57
Other income	27.42	1.71	1.80	1.26
Stock adjustment (of finished goods)	+25.42	-15.01	-7.45	+31.63
Opening	16.11	31.12	38.57	6.04
Closing	41.53	16.11	31.12	38.57
Total expenses	597.51	385.90	249.01	202.81
Materials and stores	298.57	170.95	148.11	123.06
Salaries and wages	91.73	41.83	35.42	27.67
Excise duty	34.91	1.52	0.02	0.85
Other expenses	172.30	115.60	65.46	51.03
Gross profit	242.48	74.43	35.97	45.85
Depreciation	45.20	83.03	24.87	24.87
Profit before tax	197.28	41.40	11.10	20.98
Taxation	192.30	11.00	...	...
Profit after tax	64.98	30.40	11.10	20.98
Withdrawals from reserves and write-backs	...	...	...	0.41
Adjustment of prior years	+0.20	10.31	10.50	...
Development rebate	3.65	5.90	3.35	13.10
Other reserves	60.16	18.92	3.09	...
Dividends:				
Preference	2.34	1.56	1.56	4.68*
Ordinary	9.03	4.33	3.61	8.61
(16%)	(12%)	(10%)	(10%)	(10%)
Market prices of ordinary shares (in rupees):				
High	1970	1969	1968	1967
Low	340.00	300.00	156.25	96.00
	225.00	127.00	100.00	96.00

* For the years 1964-65, 1965-66 and 1966-67.

capital. In view of the inherent soundness of the project, the company has agreed in principle to this condition and is now taking necessary steps for floating a new public limited company for this purpose

As a part of its export drive, JK International (another division of JK Chemicals) has entered the field of marine product exports. A rented facility is used to process and store the products for export.

Coromandel Fertilisers

SALES of Coromandel Fertilisers Ltd (Chairman: Mr Bharat Ram, Secunderabad) for the year ended December 31, 1970 amounted to Rs 25.1 crores against Rs 26.3 crores for the 15-month period ended December 31, 1969. The gross profit was Rs 5 crores (Rs 4.9 crores). The net profit, after depreciation, amounted to Rs 55 lakhs, against a loss of Rs 62 lakhs. The profit, though modest, marks the turning point in the company's fortunes. As the profit is not high and the working capi-

tal demand of the company persists to rise, no dividend is recommended for the year. The company's gross profit margin works out to 20 per cent against 18.8 per cent.

In the year under report, Rs 88.75 lakhs in short-term interest expense was incurred. This short-term borrowing was mainly to supply working capital for the peaks of product inventory and for the credit provisions to customers in this highly seasonal business.

Though the Visak plant generally operated well, the profits would have been higher but for two unforeseen breakdowns at the plant. In all, these shutdowns resulted in a loss of nearly 35,000 tonnes of complex production in terms of Gromor 28-20 plus about 16,000 tonnes of urea production. During the year, the plant produced nearly 2.2 lakh tonnes of fertilisers which is 76 per cent of the rated capacity in terms of plant nutrient.

Nearly 1.41 lakh tonnes of product were sold within Andhra Pradesh and 92,000 tonnes outside that State. Sales of product in Upper India, particularly in

In the market

Gujarat Polyamides

GUJARAT Polyamides Ltd, in which the Baroda Rayon Corporation Ltd has substantial interest, is entering the capital market on June 28, offering for public subscription 1,286,300 B equity shares of Rs 10 each and 1,10,000 9.5 per cent redeemable cumulative preference shares of Rs 100 each. The subscription will close on July 8 or earlier but not before July 1. An amount of Rs 5 and Rs 50 respectively per share will be payable with the application for equity and the preference shares. The balance amount on both classes of shares will be payable as and when the calls will be made by the company. The company is establishing a nylon-6 yarn project at Udhna, Surat district, with a five-tonne per day capacity. This is the first nylon plant in Gujarat and is expected to go on stream during the latter half of 1973. The total cost of the project is estimated at Rs 11 crores.

It is proposed to finance the project by raising equity share capital of Rs 3.30 crores, preference shares of Rs 1 crore, foreign exchange loan of Rs 3.12 crores from the ICICI and the IFCI, an Italian credit of Rs 70 lakhs and through rupee loans and debentures worth Rs 2.77 crores from the IDBI, IFCI, Unit Trust and the LIC. The company has reserved 23,904 equity shares of Rs 100 each for allotment to the shareholders of the Baroda Rayon Corporation Ltd in the ratio of one for every 20 shares of Baroda Rayon. The company has obtained collaboration from Italtiscosa Eastern Trading S.p.A. who are the associates of Snia Viscosa S.p.A., one of the biggest manufacturers of man-made fibres and plants in Europe. The collaborators are to supply the machinery manufactured by Snia Viscosa S.p.A. and will assume full responsibility for the quality and the rated capacity of the plant.

Punjab and Haryana region were encouraging. The company has appointed Rallis India Ltd, effective January 1, 1971, as another major agent of Gromor products.

The Government of India has granted the company a licence in January 1971 for the expansion phase I programme. This licence permits an increase in the plant

(In lakhs of rupees)

	For the year ended 31st Dec., 1970	For the period from 1-10-68 to 31-12-69	For the year ended 30th September	
			1968	1967
Total earnings ..	24,39.88	27,77.10	12,50.76	428.87
Sales including excise duty ..	25,10.87	26,26.01	11,33.22	381.82
Other income ..	13.41	9.80	4.51	8.63
Stock adjustment (of finished goods) ..	-84.25	+140.68	+113.08	+38.42
Opening ..	302.47	161.79	48.76	10.34
Closing ..	218.22	302.47	161.79	48.76
Total expenses ..	19,39.48	22,32.60	12,71.02	421.06
Materials and stores ..	725.22	591.59	608.05	391.00
Salaries and wages ..	87.86	137.37	97.80	11.24
Excise duty ..	229.28	169.46		
Other expenses ..	886.05	984.48	565.17	19.71
Gross profit ..	501.35	494.20	20.28	0.02
Depreciation ..	445.86	556.67	397.11	0.53
Profit before tax ..	55.49	-62.38	-387.37	6.30
Taxation ..				
Profit after tax ..	55.49	-62.38	-387.37	6.30
Write backs ..			0.15	
Adjustments relating to prior years ..	-0.33	+6.68	+0.10	-0.17
Carry forward ..	-396.63	451.70	-396.10	-8.09
Market prices of ordinary shares (in rupees) ..	1970	1969	1968	1967
High ..	15.25	15.20	10.25	9.80
Low ..	9.60	9.00	9.65	9.65

capacity from 2.60 lakh tonnes to 2.87 lakh tonnes of complex fertiliser and an increase of urea production from 16,500 tonnes to 43,400 tonnes. The programme involves a capital outlay of Rs 5.3 crores including a foreign exchange component of Rs 1.73 crores.

Jessop and Co

THE performance of Jessop & Co Ltd, (Chairman: Mr A. K. Chanda, Calcutta) for the year ended October 31, 1970 was quite disappointing. The company's sales dropped to Rs 10.9 crores from Rs 13.5

(In lakhs of rupees)

	For the year ended 31st October			
	1970	1969	1968	1967
Total earnings ..	11,09.71	14,27.73	11,87.51	13,33.89
Sales ..	10,90.04	13,48.77	11,88.22	12,91.08
Other income ..	8.15	54.26	28.79	16.55
Stock adjustment (of finished goods) ..	+10.88	+24.70	-29.50	+26.08
Opening ..	50.16	25.45	54.95	28.87
Closing ..	61.08	50.16	25.45	54.95
Total expenses ..	12,86.08	14,27.41	12,24.38	12,06.15
Materials and stores ..	628.11	789.74	668.05	709.42
Salaries and wages ..	443.28	434.20	388.24	353.70
Other expenses ..	214.69	193.47	168.05	143.04
Gross profit ..	-176.37	0.32	-36.87	127.53
Depreciation ..	46.18	50.20	47.51	47.60
Profit before tax ..	-222.55	-49.88	-84.38	79.87
Taxation ..				38.31
Profit after tax ..	-222.55	-49.88	-84.38	41.56
Write backs ..	6.79	0.73	7.16	13.04
Development rebate ..				6.50
Other reserves ..				22.00
Dividends ..				
Preference ..			1.30	1.30
Ordinary ..				25.60
Carry forward ..	-215.76*	-43.14*	-78.25*	0.27
Market prices of ordinary shares (in rupees) ..	1970	1969	1968	1967
High ..	12.81	16.81	17.00	19.50
Low ..	6.60	12.62	12.87	12.87

* This loss has been shown as adjusted against general reserve in the balance sheet.

crores in the previous year. After providing for depreciation it suffered a net loss of Rs 222 lakhs (loss of Rs 50 lakhs). The ordinary dividend has been skipped for the third year in succession. Expendi-

ture on capital account including block-in-progress during the year amounted to Rs 19.25 lakhs (Rs 42.45 lakhs).

In view of the critical financial position of the company due to shortage of working capital, the Government of India urgently sanctioned and paid to the company in February 1971 Rs 1.5 crores to enable it to meet its current obligations on the understanding that the company should raise the balance of its requirements by increasing the subscribed and paid-up capital. The detailed terms and conditions of the Government assistance have not yet been finalised with the company. Appropriate arrangements are being made to issue further shares, both performance and ordinary, for cash at par, to increase the paid-up capital to the full limit of the authorised capital of the company, that is Rs 186 lakhs nearly.

Dharamsi Morarji

THE Dharamsi Morarji Chemical Co Ltd (Chairman and Managing Director: Mr Pratapsinh R. Morarji, Bombay) had higher sales for the year ended December 31, 1970 at Rs 8.5 crores against Rs 7.9 crores in the preceding year. The gross profit was Rs 137 lakhs (Rs 138 lakhs). The net profit, after depreciation and taxation, amounted to Rs 46 lakhs (Rs 48 lakhs). The dividend was maintained at 20 per cent. However, the dividend absorption is higher at Rs 25.49 lakhs (Rs 20.39 lakhs), since the dividend is payable on the capital enlarged by the bonus issue made in 1969 in the ratio of 1:4.

The company's gross profit margin works out to 16.1 per cent against 17.3 per

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total earnings ..	807.17	843.90	748.50	790.36
Sales ..	850.63	794.89	722.18	781.61
Other income ..	26.63	25.95	28.14	25.21
Stock adjustment (of finished goods) ..	-10.09	+23.06	-1.82	+13.54
Opening ..	77.47	54.41	66.23	42.00
Closing ..	67.38	77.47	54.41	66.23
Total expenses ..	730.52	706.14	649.82	610.67
Materials and stores ..	420.40	440.04	413.91	380.94
Salaries and wages ..	96.59	87.07	78.81	67.53
Other expenses ..	213.53	178.13	157.10	153.20
Gross profit ..	136.65	137.76	98.68	179.69
Depreciation ..	34.01	38.18	29.40	26.07
Managing agency remuneration ..	2.28	6.46	5.01	8.18
Profit before tax ..	90.76	93.12	63.87	143.44
Taxation ..	58.50	45.00	21.00	68.00
Profit after tax ..	46.26	48.12	42.87	75.44
Development rebate ..	3.11	5.85	7.31	9.50
Other reserves ..	1.06	22.06	19.54	53.30
Ordinary dividend ..	25.49	20.39	16.02	12.11
	(20%)	(20%)	(20%)	(20%)
Market prices of ordinary shares (in rupees) ..	1970	1969	1968	1967
High ..	183.75	210.00	197.50	173.75
Low ..	136.00	151.20	137.50	105.00
	X.R.	X.R.	X.R.	X.R.

cent. The ratio of net profit to net worth comes to 14.2 per cent (15.7 per cent).

The company's production and sale of single superphosphate was once again the largest. Demand for triple superphosphate was also better than in the previous year, although still far behind the installed capacity. There was further improvement in sales of acids and chemicals. The total exports for the year were Rs 28.32 lakhs (Rs 24.65 lakhs).

Capital expenditure during the year amounted to Rs 43.89 lakhs. The construction of sulfamic acid plant and the expan-

sion of chlorosulphonic acid plant capacity to 40 tonnes per day, both at Ambarnath works, were completed by the end of the year.

Vijaya Bank

THE total income of the Vijaya Bank Ltd (Chairman: Mr M. Sunder Ram Shetty, Mangalore) for the year ended December 31, 1970 has increased to Rs 2 crores from Rs 1.4 crores in the previous year. The profit was Rs 8.5 lakhs (Rs 4.6 lakhs). The dividend was stepped up by 2 per cent to 10 per cent.

The paid-up capital of the bank increased to Rs 43.84 lakhs from Rs 20.18 lakhs. Deposits expanded to Rs 27.5 crores from Rs 18.7 crores. Advances rose to Rs 17.5 crores from Rs 13 crores. Invest-

In the market

Straw Products

STRAW Products Ltd (Registered Office: Jaykaypur, Dist Korapur, Orissa) is offering for public subscription at par 20,000—9.3 per cent cumulative redeemable preference shares of Rs 100 each of the total value of Rs 20 lakhs. The entire issue has been underwritten. The subscription list which opened on June 25 will close on July 6 or earlier at the discretion of the directors but not before June 28. The full amount of Rs 100 per share is payable on application.

The company was incorporated in 1938 with the main object of manufacturing and dealing in boards and papers of all kinds. The capacity of the paper mills established at Jaykaypur (Orissa) in 1962 is being expanded for the manufacture of 9,500 tonnes annually of top grade light weight papers like tissues, manifold, air mail, etc. The capital expenditure of Rs 8.52 crores for the expansion would be met from the issue of equity and preference shares, loans from financial institutions and the company's own resources. Three lakh equity shares of Rs 10 each issued at a premium of Rs 2.50 per share as right shares have already been subscribed. The proposed issue of preference shares for Rs 20 lakhs will also meet a part of the finance required for expansion.

Williamson Magor

WILLIAMSON Magor & Co Ltd (Registered Office: 4, Mangoe Lane, Calcutta 1) is offering for sale at par 40,000 fully paid ordinary shares of Rs 10 each of the total value of Rs 4 lakhs in order to comply with the listing requirements of the Calcutta Stock Exchange. The company's 102,520 ordinary shares of the company will then be officially quoted in the stock exchange. The application list for the shares now offered for sale, which opened on June 26 will close on July 5 or earlier but not before June 29. The company was incorporated on March 8, 1954. Its business activities extend over a wide field including tea production and exports.

ments were higher at Rs 7.8 crores (Rs 4.2 crores).

The ratio of advances to deposits was lower at 63.7 per cent (69.5 per cent) and that of investments to deposits was higher at 28.5 per cent (22.3 per cent). The ratio of cash to deposits was lower at 11.6 per cent (12.3 per cent).

The advances to priority sectors such as agriculture and small-scale industries were well maintained. At the close of the year, the bank's advance to agriculture

(In lakhs of rupees)

	For the year ended 31st December			
	1970	1969	1968	1967
Total income	201.97	142.52	118.78	95.55
Interest and discount earned	167.35	119.34	96.41	81.09
Commission and brokerage	17.51	11.56	9.26	7.63
Other income	17.11	11.62	8.11	6.83
Total expenditure	190.69	135.87	110.59	92.50
Interest paid	90.09	70.17	60.44	52.23
Staff expenses	72.17	47.24	37.38	28.74
Other expenses	27.53	14.46	12.77	11.53
Depreciation	2.80	2.05	1.31	1.27
Profit	8.48	4.60	1.88	1.78
Reserves and provision	6.00	8.47	1.00	1.00
Dividend	(10%)	(8%)	(6%)	(6%)
Carry forward	0.60	0.74	0.08	0.02

	As on 31st December			
	1970	1969	1968	1967
Paid-up capital	48.84	20.18	18.83	18.79
Reserves	10.00	9.00	7.60	6.00
Deposits	27,51.72	18,71.21	15,20.67	12,06.10
Advances	17,54.23	13,01.26	882.13	804.48
Investments	783.25	416.67	301.63	293.89
Cash	820.68	229.37	201.15	159.61
Balance-sheet total	32,85.57	21,73.28	15,14.62	13,60.84
Ratio to deposits of:				
Advances	63.7	69.5	66.8	66.7
Investments	28.5	22.3	22.8	24.3
Cash	11.6	12.3	15.4	13.2

was 12 per cent and to small-scale industries 19 per cent of the total advances. The bank opened 12 branches during the year raising the total to 126 as on December 31, 1970. □

Brady and Morris Eng

Proceeds of engineering works of Brady and Morris Engineering Co Ltd, Bombay, for the year ended December 31, 1970 increased to Rs 53.52 lakhs from Rs 45.41 lakhs in the previous year. The net profit, after providing Rs 1.40 lakhs (Rs 1.44 lakhs) for depreciation and Rs 3.80 lakhs (Rs 1.15 lakhs) for taxation, amounted to Rs 2.97 lakhs (Rs 1.51 lakhs). The dividend was 8 per cent (6 per cent), which includes the silver jubilee bonus of 2 per cent. The company was able to undertake the manufacture of a preliminary batch of Morris new design electric hoist blocks which are expected to be marketed during the second half of the current year after completion of the endurance trial and performance efficiency. This product will be completely indigenous. Subsequent to the closure of the financial year, the company has been granted an industrial licence for the manufacture of biscuit plant and ancillary machinery. The company is negotiating with a German collaborator for the production of small and medium size bread plant for which there is growing demand.

Devidayal Cable Industries

Sales of products of Devidayal Cable Industries Ltd, Bombay, for the year ended December 31, 1970 increased by 33.6 per cent to Rs 5.09 crores from Rs 3.81 crores in the previous year. The net profit, after

providing Rs 8.95 lakhs (Rs 8.58 lakhs) for depreciation and Rs 8.76 lakhs (Rs 1,852) for taxation, amounted to Rs 20.82 lakhs (Rs 14.65 lakhs). The ordinary dividend has been doubled to 10 per cent from 5 per cent. The general reserve absorbed Rs 19.02 lakhs (Rs 8.42 lakhs). The company has received sufficient import licences for the import of copper and other raw materials to meet its requirements for the whole of the current year. The demand for winding wires and strips has picked up and the company hopes to increase its turnover considerably. Though the company has established a fair market for its cables in West Asia, owing to keen competition from other countries, it could only export goods worth Rs 15.2 lakhs against Rs 21 lakhs in the previous year. The total capital expenditure incurred during the year was Rs 11.25 lakhs.

New Great Eastern Spg

The New Great Eastern Spinning and Weaving Co Ltd, Bombay, has increased its sales for the year ended December 31, 1970 to Rs 4.38 crores from Rs 3.89 crores in the previous year. The net profit, after providing Rs 14.65 lakhs (Rs 13.38 lakhs) for depreciation amounted to Rs 4.32 lakhs (Rs 12.34 lakhs). In the year under review the company worked under difficult conditions due to abnormal increase in the prices of raw materials and wage bill. An amount of Rs 27.55 lakhs has been spent towards additions to fixed assets for modernisation of machinery. The company has entered into an agreement with the State Industrial and Investment Corporation of Maharashtra Ltd for Rs 20 lakhs for the modernisation scheme. Exports for the year were Rs 125.17 lakhs (Rs 58.77 lakhs).

Polson

Sales of Polson Ltd, Bombay, for the year December 31, 1970 amounted to Rs 2.47 crores against Rs 2.37 crores in the previous year. The net profit, after providing Rs 2.53 lakhs (Rs 2.99 lakhs) for depreciation and Rs 7.70 lakhs (Rs 6.87 lakhs) for taxation, amounted to Rs 5.86 lakhs (Rs 5.43 lakhs). The ordinary dividend has been pruned to 10 per cent from 12½ per cent. The general reserve absorbed Rs 5.85 lakhs (nil). In the year under review, the value of production has gone up to Rs 2.65 crores from Rs 2.20 crores in the previous year. The company has restarted its Digha Ghat dairy at Patna from February 16, 1971 and has recommenced production of butter. A letter of intent for the manufacture of high-protein beverage has already been issued to the company.

Tide Water Oil

Sales of Tide Water Oil Co (India) Ltd, Calcutta, for the year ended October 31, 1970 have increased to Rs 2.30 crores from Rs 1.90 crores in the previous year. The net profit, after providing Rs 2.65 lakhs (Rs 3.50 lakhs) for taxation, amounted to Rs 1.78 lakhs (Rs 2.29 lakhs). The dividend was 20 per cent (15 per cent) which included an interim dividend of 10 per cent. The general reserve got Rs 1.82 lakhs (Rs 1.50 lakhs). To reduce operational costs and also to diversify its products, the company installed bulk storage facilities at Calcutta during the year at a cost of Rs 1.5 lakhs and also a plant for the manufacture of greases. Steps have also been

taken for the installation of a blending plant and improved storage facilities at Madras by the purchase of the necessary land.

Preliminaries

Straw Products

Straw Products Ltd, Rayagada, Orissa, improved its sales for the year ended December 31, 1970 to Rs 7.49 crores from Rs 7.21 crores in the previous year. Profit before depreciation was Rs 1.78 crores (Rs 1.66 crores). Depreciation absorbed Rs 49.11 lakhs (Rs 46.32 lakhs) and taxation claimed Rs 56.60 lakhs (Rs 51.50 lakhs). The ordinary dividend was maintained at 12 per cent. An amount of Rs 8.50 lakhs (Rs 16.10 lakhs) was transferred to the development rebate reserve and the general reserve got Rs 33.04 lakhs (Rs 21.65 lakhs). Production rose to 34,629 tons from 33,221 tons. The expansion programme involving Rs 8.5 crores has progressed well. The company proposes to increase production of paper and boards, by installing balancing equipment on a crash programme basis. It has approached financial institutions for assistance for this programme which is likely to cost Rs 1.4 crores.

Indabrador

Sales of Indabrador Ltd, Bombay, for the year ended December 31, 1970 increased by 50 per cent to Rs 70.42 lakhs from Rs 47.04 lakhs in the previous year. The profit, after providing for depreciation and development rebate, amounted to Rs 14.13 lakhs (Rs 9 lakhs). Taxation claimed Rs 8.04 lakhs (Rs 4.07 lakhs). The balance of Rs 6.09 lakhs (Rs 4.93 lakhs) was transferred to the general reserve. Dividend recommended for the year was 15 per cent (12 per cent).

Hyderabad Asbestos Cement

Hyderabad Asbestos Cement Products Ltd, Hyderabad, has earned a higher gross profit of Rs 61.29 lakhs (Rs 21.71 lakhs in 1969) for the year ended December 31, 1970. Sales are reported to be 48 per cent higher than that in 1969 (figures not disclosed). Depreciation absorbed Rs 34.44 lakhs. The general reserve got Rs 29.99 lakhs. The ordinary dividend for the year was 10 per cent.

Company trends

Surrindra Stein Malt

Surrindra Stein Malt Ltd has started the construction of its factory in Ghaziabad, UP, to manufacture malt and malt extract and other malt based products. The capital outlay of the project is estimated at Rs 46 lakhs. The annual capacity will be approximately 4,500 tonnes. Mr Movinder Singh, managing director of the company, has stated that the factory is expected to go into production early next year. The plant will produce high quality malt based on the latest West German process. The company will be shortly entering the market with a public issue.

EQUITIES

Restricted trading

BOMBAY, June 23

AFTER ruling steady and recording a modest improvement during the first half of the week, equities staged a retreat in the latter part of the week on stale bull liquidation coupled with short-selling. Fresh interest was markedly absent, and the turnover visibly shrank. The market closed on a subdued note, with trading restricted to four sessions over the week.

The start was promising, and the recovery move following the release of Tata Steel results was extended initially. However, there was no follow-through, as several dampers chilled the enthusiasm of operators. Official pronouncements about the possibility of a national emergency owing to the developments in Bangla Desh, and the report that the Union Law ministry had drafted a bill to restore to Parliament the right to amend the Constitution and abridge the right to property, all affected the sentiment.

A notable feature of trading was the sharp decline in the quotations of some of the favourite scrips in both the cleared and cash lists. This was stated to be due to funds being withdrawn in preparation for payment of taxes, and for applying to some of the new issues shortly coming into the market. Fears of further radical fiscal and taxation measures by the Government also restrained fresh activity. Naturally buyers were reserved.

Corporate news was satisfactory on the whole. Shree Ram Mills reported higher sales in the current year. The sales of Borosil Glass were also higher in the current year, and the company was operating profitably. GEC of India came out with excellent results for the year ended March, with the pre-tax profit more than doubled. The Chairman of EID-Parry has said that the company is faring better in the current year. The current outlook of Warner-Hindustan is said to be cautiously encouraging, as sales were on the increase, but the Budget levies are likely to affect the company adversely. Gokak Mills' Chairman said at the annual meeting that the turnover in the first five months was 15 per cent better. However, the Chairman of Century Spinning struck a subdued note at the annual general meeting, as the company may not reach this year the level of profits attained last year. This induced an easy tone in the market.

Textiles were generally lower, as the current year is expected to be difficult for the textile industry. Rayons were friendless, as the Government is keen to bring down the price of nylon and rayon in the country. Kohinoor was quiet. Shippings were quietly steady. In cements, ACC suffered a sharp setback on lower production and lower despatches to touch a new low. Chemicals were subdued. Papers met with selective buying. Engineerings and steels were easy.

THE WEEK'S PRICE RANGE

	Closing quotations 16-6-1971	High	Low	Closing quotations 22-6-1971		Closing quotations 16-6-1971	High	Low	Closing quotations 22-6-1971
FORWARD					Miscellaneous				
Textiles					Baroda Rayon (100)				
Ahm. Advance (100)	206.00**	—	—	202.50**	Hindustan Motors (10)	11.20**	11.32	11.04	11.20**
Bombay Dyeing (25)	38.25**	39.00	38.25	38.75**	Indian Copper (2 1/2%)	8.80**	8.78	8.68	8.80**
Central India (50)	42.50**	—	—	42.00**	Premier Automobiles (100)	55.60**	57.00	54.50	55.60**
Century (100)	870.00**	879.50	844.50	845.50**	Pre. Construction (50)	123.00**	127.00	122.00	127.00**
Dawn (50)	68.00**	69.00	68.00	67.50**	Shivrajpur (10)	14.00**	5.78	5.48	14.00**
Elphinstone (50)	21.00**	—	—	21.00**	Sirpur Paper (10)	11.24**	12.48	12.20	11.24**
Finlay (100)	160.00**	157.50	160.00	156.00**	Tata Oil (25)	72.50**	74.00	72.00	72.50**
Gokak (100)	156.00**	—	—	156.00**	W. Coast Paper (100)	220.00**	221.00	218.00	220.00**
Gwalior Rayon (10)	37.00**	37.25	36.50	37.00**	Winco (100)	151.50**	151.50	151.00	151.50**
India United Ord. (10)	1.24**	1.26	1.20	1.23**	CASH				
Khaian (100)	156.00**	156.00	154.50	154.50**	Textiles				
Kohinoor (100)	222.50**	224.00	210.00*	210.00**	Baroda Rayon (100)	117.00	120.00	117.00	119.00
Morjee (100)	140.00**	142.00	140.00	142.00**	Century Enka (100)	47.00	48.00	47.00	47.00
National Rayon (100)	459.50**	492.50	466.00	466.00**	Gold Mohar (100)	130.00	130.00	130.00	130.00
Phoenix (100)	68.00**	67.00	60.00	61.00**	Indian Rayon (100)	75.00	73.50	71.00	71.00
Podar (10)	9.00**	9.00	7.75*	7.75**	Lakshmi-Vishnu (100)	79.00	81.50	78.00	81.50
Shreenivas (100)	123.00**	—	—	123.00**	Mafatlal (100)	888.75	885.00	880.00	881.25
Simplex (50)	90.00**	99.00	97.00	97.00**	Modella Woollen (100)	9.35	9.00	9.00	9.35
Standard (100)	672.00**	682.00	670.00	670.00**	Raghuvanshi (100)	91.00	92.00	91.00	92.00
Swadeshi (100)	134.00**	135.00	133.00	133.00**	Raymond Woollen	—	—	—	—
Swan (100)	130.00**	131.00	126.00	126.00**	Shree Ram (100)	19.78	19.78	19.24	19.48
Tata Mills (25)	28.00**	28.50	27.50	27.50**	S. I. Viscose (100)	82.00	82.00	72.00	72.00
Electric					Western India (250)	172.00	175.00	172.00	173.40
Ahmedabad (100)	99.70**	101.00	100.00	100.75**	Insurance				
Andhra Valley (100)	143.50**	—	—	143.50**	British India (10)	17.24	—	—	17.24
B. Suburban (100)	120.00**	—	—	120.00**	Indian Mercantile (50)	77.00	—	—	77.00
Tata Hydro (100)	144.00**	148.00	142.50	142.50**	N. Grati (25)	77.00	—	—	77.00
Tata Power (100)	141.75**	144.00	143.50	143.50**	New India (15)	89.50	—	—	89.50
Steel					Vulcan (10)	37.00	38.75	37.00	38.50
Indian Iron (10)	11.24**	11.52	11.18	11.10**	Electric				
Mukand (10)	22.00**	23.52	22.00	22.75**	Amalgamated (10)	10.04	10.16	10.04	10.16
Tata Steel (75)	103.50**	106.25	104.25	104.50**	Surat (100)	125.00	—	—	125.00
Engineering					Cement				
Aloock (100)	44.50**	—	—	44.50**	Myasore Cement (10)	17.24	17.36	17.24	17.36
Cooper (100)	44.50**	54.50	53.00	53.00**	Saurashtra Cement (100)	178.75	—	—	178.75
Larsen & Toubro (10)	24.52**	25.00	24.12	24.12**	Paper				
Tata Eng. & Loco (100)	242.50**	248.50	243.00	243.00**	Andhra Paper (100) (old)	186.00	—	—	186.00
BLM-Manekial (100)	227.50**	290.00	283.75	283.75**	Anil Hardboards (100)	72.50	72.50	65.00	65.00
Voltas (100)	234.00**	221.00	219.00	219.00**	Jayant Paper (100)	117.60	120.00	117.50	120.00
Dyes & Chem.					Rohit (100)	117.50	118.00	117.50	118.00
Amar Dye-Chem. (100)	210.00**	211.25	205.00	205.00**	Steel Metals				
Indian Dyechem (100)	332.00**	306.50	294.00	294.00**	Alloys	—	—	—	—
Polychem (50)	138.00**	135.58	131.00	131.00**	Ferro Alloys (100)	110.00	115.00	110.00	115.00
Tata Chemicals (10)	30.00**	30.25	29.25	29.25**	Hind Aluminium (10)	86.00	86.00	85.50	85.50
Shipping					Khandolwal Ferro (100)	149.00	150.00	149.00	149.00
Great Eastern (10)	37.50**	37.50	36.25	36.25**	Engineering				
Scindia (20)	20.50**	21.20	20.80	20.80**	Associated Bearings (100)	226.00	227.00	224.00	225.00
Cement					Hind Tractors (100)	120.00	—	—	120.00
A.C.C. (100)	152.00**	153.00	129.50	129.50**	Jyoti (100)	120.00	—	—	120.00
Orissa (10)	18.12**	18.12	16.92*	16.92**	Krishnakar Oil (10)	14.12	14.12	13.88	13.88
Shree Digvijay (100)	157.00**	157.00	140.00*	138.00**	Mahindra (10)	14.00	14.00	13.82	13.82
Sugar					New Standard (100)	100.00	110.00	107.00	107.00
Delapur (50)	84.50**	—	—	84.50**	Sandvik Asia (100)	231.00	—	—	231.00
Maharashtra (50)	99.50**	100.00	98.00	98.00**	T. Manekial (100)	370.00	380.00	380.00	380.00
Phaltan (50)	91.50**	84.00	81.50	81.50**	Zenith Steel (10)	19.78	19.62	19.00	19.00
Walchandnagar (100)	105.00**	65.50	64.00	64.00**	Cables & Elec.				
Chemicals					Asian Cables (100)	79.00	79.00	76.00	76.00
Bayer (India) (100)	250.00	262.50	258.00	258.00**	Crompton Groves (100)	212.50	212.50	205.00	210.00
Chem. & Fibres (10)	44.25	44.50	43.25	43.25**	Mahendra Elec. (100)	109.50	110.00	109.00	110.00
Colour-Chem. (100)	245.00	247.50	235.00	237.50	Standard Batteries (100)	210.50	211.25	210.00	211.25
Nat. Organic (100)	281.50	284.00	280.00	281.00	Chemicals				
Pfizer (10)	88.50	88.50	87.50	87.50**	Chem. & Fibres (10)	44.25	44.50	43.25	43.25**
Polyolefins Ind. (100)	247.00	247.00	245.00	245.00**	Colour-Chem. (100)	245.00	247.50	235.00	237.50
Sandoz (10)	18.75	18.75	18.00	18.00**	Nat. Organic (100)	281.50	284.00	280.00	281.00
Synthetics (100)	171.00	171.00	168.00	168.00**	Pfizer (10)	88.50	88.50	87.50	87.50**
Miscellaneous					Polyolefins Ind. (100)	247.00	247.00	245.00	245.00**
Camphor & Allied (100)	226.00	—	—	226.00**	Sandoz (10)	18.75	18.75	18.00	18.00**
East Pyres (100)	200.00	200.00	195.00	195.00**	Synthetics (100)	171.00	172.00	168.00	168.00**
Fibre Glass (10)	14.50	14.50	13.00	13.00**	Miscellaneous				
Ganman India (10)	5.12	5.12	4.80	4.80**	Camphor & Allied (100)	226.00	—	—	226.00**
Hindustan Lever (10)	21.52	22.48	21.24	21.24**	East Pyres (100)	200.00	200.00	195.00	195.00**
Killik Nixon (100)	95.00	—	—	95.00**	Fibre Glass (10)	14.50	14.50	13.00	13.00**
Motor Industries (100)	442.50	442.50	430.00	430.00**	Ganman India (10)	5.12	5.12	4.80	4.80**
P. Magneta (100)	160.00	—	—	160.00**	Hindustan Lever (10)	21.52	22.48	21.24	21.24**
W. H. Brady (150)	160.00	—	—	160.00**	Killik Nixon (100)	95.00	—	—	95.00**

* Ex-dividend.

† Cum-right.

‡ Ex-right.

** Business for Hand Delivery.

†† Squaring up deals.

Note: Figures within brackets indicate the paid-up value of shares.

Wherever the quotations are available for hand delivery business, the high and low quotations have been given on that basis.

COMMODITIES

Spurt in spot cotton

BOMBAY, June 23

A marked improvement in prices was noticed in quality cotton in the spot market during the past week. Mill demand was distinctly better, especially for choice lots, the prices of which, in consequence, spurted. There was also a perceptible improvement in the volume of business done although quite a few mills saw to the cotton being carried by their regular merchant-clients.

The break in the monsoon noticed during the first half of the week has introduced an element of uncertainty about the sowing operations. Reports from quite a few cotton growing centres like Khamgaon indicate that the farmers

have decided to await further showers before commencing their sowing operations. However, in Saurashtra the sowing has commenced, according to reports reaching here. Should there be an undue delay in the commencement of sowing in a majority of the leading cotton growing centres, it could have an adverse bearing on the crop outlook for the new season commencing from September. Nothing, however, positive could be said about the crop at this stage.

In the foreign section inquiries were mainly confined to stray lots of African and American cotton. There had been some improvement in the offtake of cotton that had piled up at the docks. Unless there is a liberalisation of credit

facilities, a speedy disposal of the unlifted cotton is not feasible, according to importers.

The following has been the trend of prices of some of the leading varieties:

	(Rs per candy)	
	For the week ended June 23	For the week ended June 16
Khandesh ..	2,300-2,350	2,300
Berar AK average	1,800-2,000	1,700-1,900
Berar AK Good ..	2,200-2,300	2,200-2,250
Digvijay Dabhoi ..	3,250	3,225
Berar L 147 ..	2,800-2,900	2,400-2,500
Manavadar CO 2 ..	2,900	2,750

Reports from Punjab and Rajasthan indicate that the sowings of Bengal Deshi and 320F have been completed in most of the regions. There are indications to show that Pakistan had latterly sold sizable quantities of Deshi and staple cotton to China against arms supplies.

ART SILK YARNS FLARE UP

BOMBAY, June 23

A steep rise in the prices of art silk yarns characterised trading in the yarns market during the past week. The prices flared up due to the sustained support from stockists who expect a shortage in pulp supplies because the STC had so far not finalised any deal for the import of the rayon pulp. The upcountry demand was not there. Staple fibre yarns also improved in sympathy with the art silk yarns. Cotton yarns were firm.

In the art silk yarns section, 150D National Rayon put on 32 paise to Rs 19.84. 120D firmed up by Re 1.09 to Rs 20.81. 150D Bright Century spurted by Rs 1.52 to Rs 19.97. 120D improved by Re 1.13 to Rs 20.75. 100D Bright South India gathered 55 paise to Rs 23.70. Staple fibre yarns (2 x 34 nF) spot Kiran picked up 24 paise to Rs 11.99.

JUTE GOODS DECLINE

CALCUTTA, June 22

Although overseas inquiries for jute goods continued, the actual business put through was extremely limited. This was due to the expectations that in the wake of a good crop, prices of goods as well as of raw jute would not be maintained at present levels. However, raw jute prices in the past week moved up, since sellers were reserved having regard to the present difficult position in the allotment of wagons for the movement of the crop.

The fall in goods in stock with mills at the end of May by 12,000 tonnes should have normally strengthened bulls, but there was the feeling that by and large prices had already risen to very high levels, and that overseas buyers would resist any further rise. The total May-end stock of goods was 81,800 tonnes compared to 94,000 tonnes at the end of April. The largest decline of 6,100 tonnes was recorded in sacking of which mills had 33,600 tonnes. Hessian at 29,700 tonnes was lower by 5,700 tonnes.

Internal buyers placed good orders with mills, although the industry with a lean inventory was cautious in booking orders for distant positions. Overseas buyers accounted for only scattered business. It would appear that they were waiting for prices to decline before entering into bulk commitments. Prices shed a part of the gains of recent weeks, with hessian 40/10 oz and B. twillings opening at Rs 106 and Rs 271.25 and closing at Rs 103.50 and Rs 266.50.

The new crop is expected to move in sizable quantities within a week or two, and the industry has placed wagon requirements for this purpose at 103,170. This is in addition to movement by road and river, which accounts for a good portion of the crop. To enable jute mills to offer more attractive prices to foreign buyers, prices of raw jute must decline, and this would depend upon adequate transport facilities for the movement of raw jute. Of course, the mill industry does not desire that the raw jute price should be depressed. It is only for this reason

Attention Contractors!!

Are you intimating details of your building contracts to the Income-tax Deptt.?

Under Section 285-A of the Income-tax Act, 1961, you must furnish details of a contract entered into by you for construction of a building or for supply of goods or services for construction of a building if the value of such a contract exceeds Rs. 50,000. These details must be furnished to your Income-tax Officer in the prescribed form (Form No. 52) within one month from the date of the contract. This requirement must be fulfilled even if the contract is entered into with Central or a State Government, local bodies or semi-Government organizations.

BEWARE! Failure to comply with this requirement, can lead to a penalty of upto Rs. 50 for every day of default subject to a maximum of 25% of the value of contract.

If you need guidance, please contact the Income-tax Officer

CENTRAL BOARD OF DIRECT TAXES

(Department of Revenue & Insurance)
Ministry of Finance, Government of India.

that the Indian Jute Mills Association has called for the stepping up of the bank credit to the mills or the setting in motion of an alternative agency to undertake price support operations. Otherwise, the JMA apprehends offtake could fall short of arrivals on occasions and thus lead to price depression. In the past week, Assam bottoms new moved up from Rs 59 to Rs 59.50 and the old crop from Rs 60 to Rs 60.50. Daissee bottoms old accounted for an increase of Re 1 at Rs 62.50.

OILSEEDS EASY

BOMBAY, June 23

Oilseeds presented a mixed show during the short week. Trading on Wednesday was very restricted owing to the poor attendance due to heavy rains in the city. The tendency was easy.

Prices ruled firm in the early part of the week due to dry weather in the producing areas. But later the tendency turned subdued owing to weakness in groundnut and its oil, and sizable stocks at the upcountry centres.

In futures, the near contracts met with support owing to the delay in rainfall. Improved prospects of castor oil sale to the USSR and shortage of linseed were additional factors inducing bulls to extend holdings. But the distant contracts lacked support. Linseeds advanced on a bull grip by north Indian and local operators. But profit-taking at the higher levels brought down prices.

Towards the latter part of the week the tendency turned easy. Showers in some parts of the country induced selling in castorseed as well as linseed. While the arrivals of groundnut oil from the South were quite sizable, the demand from industrial units showed no signs of revival. Unnerved by fresh fall in groundnut oil in the spot market, operators liquidated holdings, particularly in castorseed. Advances from upcountry centres were discouraging, following dry good rainfall in South Indian producing areas.

Linseed futures were also affected by the weakness in groundnut oil. At lower levels some support emerged, and the backwardation charges ended at Rs 2.

Cottonseed futures were neglected, and no business was reported.

Comparative prices in rupees were:

Item	16-6-1971	23-6-1971
Castor June ..	130.75	No trading
Castor September ..	132.25	131.12
Linseeds July ..	165.50	165.00
Linseeds September ..	164.00	163.00
G. Nuts Khandesh ..	104.00	107.00
G. Nut oil ..	40.90	39.60
Castor Madras Small ..	134.00	134.00
Castor Comm. oil ..	28.25	29.00
Castor B.S.S. oil ..	31.00	31.50
Linseeds Bold ..	162.00	163.00
Linseed oil ..	36.25	36.75

DEMAND FOR TEA WIDENS

CALCUTTA, June 22

Improved demand was the feature of last week's export as well as internal auctions. With considerable improvement in the labour situation at the Calcutta port, the trade hoped that efforts to raise exports would be successful, though much would depend on the improvement in the allotment of wagons for the movement of the crop. It looked as though there could be no need to divert Calcutta shipments to west coast ports. Considering the low quantity of leaf being offered at Gauhati auctions, chances of Gauhati being developed as an international auction centre similar to Calcutta or Kochin are very limited.

Leaf on offer at sale No 11 held here on June 16 totalled 32,500 packages. In a good general demand, whole leaf grades were absorbed at quoted rates. Orthodox broken were well absorbed, with the few improved lines realising good prices. The poor liquoring fannings were not firm, the brighter kinds selling well. Among CTCs, the better kinds were competed for but the plain broken and fannings were not. The quotations in rupees per kg.

inclusive of excise duty were: good Assam CTC fannings 7.80 to 9, good Assam CTC BP 7.50 to 8.50, medium Assam BOP 7.20 to 8.50, clean plain pekoe 7 to 7.50, low Assam BOP 6.50 to 7, Dooars BOP 6.20 to 6.50, plain CTC BP 6 to 6.20, medium Assam OF 5.60 to 6, low Assam OF 5.40 to 5.80, medium CTC fannings 5.30 to 5.50, medium CTC BP 6.20 to 6.50, and plain CTC fannings 5.20 to 5.40.

Leaf on offer at the last sale held in Gauhati was a meagre quantity of 712 chests, most of which had to be withdrawn due to lack of demand. Excepting for the orthodox teas, which were readily absorbed, others including CTCs and fannings eased liberally. Dusts on offer totalled 4,954 chests, for which there was, however, a good demand, although here again there were withdrawals. The Gauhati trend is not altogether unexpected as the tea trade generally goes in for bulk commitments with a view to deriving benefit of economies of scale. If Calcutta port could maintain the improved labour conditions in evidence since early in this year, the Gauhati auction centre would be unable to attract exporters from Calcutta.

FOODGRAINS STEADY

BOMBAY, June 22

The prices of foodgrains in the local market ruled more or less steady. Among coarsegrains, wheat (pissi) at Rs 83-87 per quintal ruled steady on account of good supply. Bajra (superior), at Rs 68-75 per quintal also ruled steady. Maize at Rs 71-73 per quintal showed no change during the week. In pulses, gram (Punjab) moved up by Rs 3-4 to Rs 93-96 per quintal owing to the higher upcountry advances as well as short supplies. On the other hand, urad (khandesh new) ruled steady at Rs 155-165 per quintal. However, tur (Berar white) showed a modest rise of Rs 2 and ruled at Rs 128-130 per quintal. This marginal rise was attributed to the good demand. Moong (Chinai) at Rs 250-300 per quintal displayed no change during the week.

SUGAR EASY

BOMBAY, June 22

The prices of sugar (C-30) in the local sugar market showed an easy trend during the week under review. The prices of sugar (C-30) declined by Rs 4-5 to Rs 189 per quintal. This fall in prices was attributed to the expected larger quota of 7.60 lakh bags against 6.16 lakh bags for release by Maharashtra sugar mills. Daily arrivals and offtake were fairly good at around 4,000 bags. Today, about 4,000 bags of 'D' grade sugar were sold at Rs 181.50 with ex-mill duty by a co-operative sugar mill. Further, on June 19, the Union Government has issued orders for the release of 4.5 lakh tonnes of sugar from factories for sale to licensed wholesale merchants.

KIPS STEADY

MADRAS, June 19

Arrivals from the tanning centres were moderate and the offtake from the market was steady. Overseas demand was similar to last week's trend with emphasis on lower grade cow hides, cow calf fourths and buff calf inferior thirds. There was patchy demand for goat skins; US importers showed some interest in light goat skins, while French buyers seemed indifferent. In the sheep skins section, primes ruled firm while other classes remained dull.

METALS IMPROVE

CALCUTTA, June 22

The full impact of copper, zinc and lead being brought under the import duty list is yet not evident. The prices of non-ferrous scrap continued to move up in the past week under the impact of the Budget proposal. The supply position continued to be tight, and stockholders were reserved on expectation of higher prices. The confidence of consumers and non-ferrous

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semi-manufacturers seemed, however, activated by the heavy imports of non-ferrous metals taken on hand by the Minerals and Metals Trading Corporation. Arrivals against orders placed by the MMTC months ago following the announcement of the new import policy are anticipated shortly. Already, 2,000 tonnes of copper have been received so far at the Calcutta port against these orders, and these were from Zambia and the US. Shipments of zinc from the USSR and Japan totalling about 7,000 tonnes are expected to be received in Calcutta port this month and July. Canadian etc. grade aluminium of about 300 tonnes and 1,000 tonnes of Australian lead are also on the way, in addition to tin from Malaysia. These arrivals would substantially improve the stock position of the MMTC and industrial releases would be much more liberal. The output by both the indigenous zinc smelters is also expected to be much higher this year.

The good demand for zinc and zinc scrap from galvanisers was a striking feature and electrolytic zinc was fully firm at Rs 500 per quintal and dross at Rs 405. Small-scale users could not meet their demand for copper scrap in full, and clean copper wire scrap was up at Rs 1,520 though utensil scrap was unchanged at Rs 1,410. Wirebars were quoted at Rs 1,675, and wires at Rs 1,700. Tin was unchanged but fully steady at Rs 5,000.

BULLION DIVERGENT

BOMBAY, June 23

A divergent trend prevailed in the bullion market here during the past week. Silver prices, which were firm in the last fortnight, lost ground during the week following improved arrivals in the wake of slack off-take. However, in the initial sessions the prices ruled firm and touched a high of Rs 600 at one time but closed the week easy. The easier overseas advices also imparted weakness. Gold was divergent. Primary gold closed firm due to good seasonal demand from the South. Standard gold was easy following improved arrivals. Sovereign was fully maintained.

Silver (996 fineness) opened the week Rs 2 higher at Rs 599 but lost ground in the following session only to recover in the latter sessions. It, however, reacted in subsequent sessions and wound up the week at Rs 590 today, with a net loss of Rs 7 over the week. Silver weekly was mentioned at between Rs 597 and Rs 590. The weekly average arrivals and off-take of silver aggregated 60 bars and 38 bars, respectively.

Primary gold in unofficial trading commenced at last week's closing level of Rs 187 and moved up in the following sessions. It wound up the week at Rs 189 today, the net gain over the week being Rs 2. Standard gold in official

trading began a rupee lower at Rs 196 and receded in subsequent sessions to close at Rs 195 today. The net loss over the week was Rs 2. Sovereign was fully maintained at Rs 174.

CALL RATE STEADY

BOMBAY, June 23

Conditions remained unchanged in Bombay's short-term money market during the past week. The inter bank call rate was steady at 4½ per cent. In Calcutta, renewals were effected at 4½ per cent. In Madras the call rate was 4½ per cent.

Ninety-one days' Government of India treasury bills sold from June 14 to 19 amounted to Rs 531 crores against Rs 677 crores in the preceding week.

During the week ended June 11 foreign exchange reserves of the Reserve Bank of India increased by Rs 587 crores to Rs 374.45 crores. While foreign securities rose by Rs 15 crores to Rs 293.42 crores, balances held abroad declined by Rs 9.13 crores to Rs 81.03 crores. Notes in circulation expanded by Rs 78.14 crores to Rs 4,502.91 crores. Deposits of scheduled commercial banks with the Reserve Bank of India rose to Rs 213.72 crores from Rs 194.73 crores.

Week ended June 11 recorded a rise of Rs 20.36 crores at Rs 4,739.64 crores in the total credit made available by scheduled commercial banks. Aggregate deposits increased to Rs 6,134.76 crores from Rs 6,111 crores. Borrowings from Reserve Bank were higher at Rs 154.63 crores (Rs 139.28 crores).

Notice

NEW INDIA INVESTMENT CORPORATION LIMITED

NOTICE IS HEREBY GIVEN THAT the Thirty-fourth Annual General Meeting of the Company will be held at the Registered Office of the Company at 9, Brabourne Road, Calcutta, on Monday the 12th July 1971 at 3:00 p.m. to transact the following business:—

- (1) To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31st December, 1970.
- (2) To declare a Dividend.
- (3) To elect Directors.
- (4) To appoint Auditors for the Current year and to fix their remuneration.

The Register of Members and Share Transfer Register Books of the Company will be closed from 9th to 12th July 1971 both days inclusive.

By Order of the Board,

B. P. GOENKA,

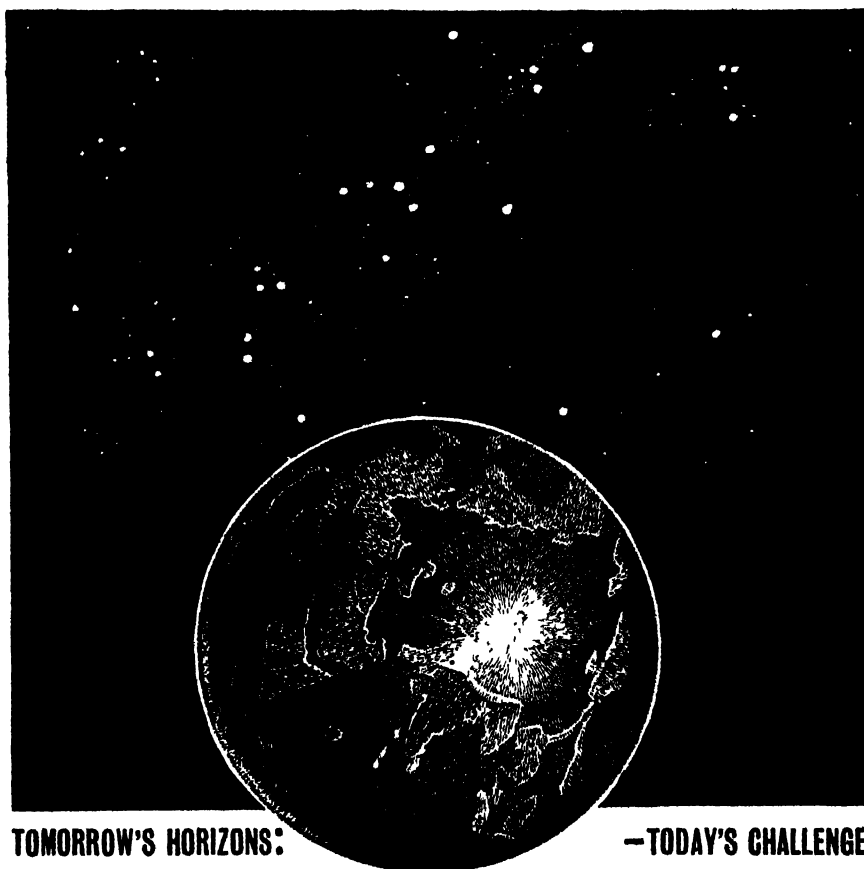
Director.

CALCUTTA,

June 10, 1971.

Note: A member entitled to attend and vote at the meeting may appoint a Proxy to attend and vote instead of himself. A Proxy need not be a member.

The dividends, if declared, will be paid on or after 30-7-71 to those Shareholders whose names appear on Company's Book on 12-7-1971.



TOMORROW'S HORIZONS:

—TODAY'S CHALLENGE

TATA ELECTRIC COMPANIES—

Pioneers of power generation in Maharashtra for over 50 years. They meet the needs of Bombay and the surrounding areas for a reliable power supply with some of the latest in generating, transmitting and monitoring equipment.

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Engineering consultants who meet the evergrowing demand in India and abroad for sophisticated and expert engineering services in industrial and associated fields.

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- THE TATA POWER CO. LTD.
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Bombay House, Bruce Street, Fort, Bombay 1

The Century Spinning & Mfg. Co. Ltd.

Chairman, Shri R. D. Birla's Statement

STATEMENT of the Chairman of the Century Spinning and Mfg Co Ltd, Shri R. D. Birla at the 74th Annual General Meeting of the Company held on Tuesday, 22nd June 1971:

LADIES AND GENTLEMEN,

I am pleased to welcome you all to the 74th Annual General Meeting of the Company. The Report and Accounts of the Company are already in your hands and I hope you are fully satisfied with the results.

Future Prospects

The Directors have given details about the working of the Company in their Report, but I would like to make a few observations on the future prospects of the Company. The Textile Division of the Company experienced difficulty during the first half of the current year as a result of shortage and very high prices of cotton and an all-round increase in costs of which all are aware. This is bound to affect profits. As regards Tyre Cord Division, the Government has asked the industry to cut prices and the demand for tyre cord in the home market is also not satisfactory. In view of this, it is feared profit in this Division too will suffer a setback. As for Rayon Division, the recommendations of the Tariff Commission are being examined by the Government and if and when these are implemented, they too will naturally affect the profits. Although the working of all the divisions of the Company continues to be quite satisfactory, if the price cuts referred to above take place, then the profits of the current year may possibly not attain the figure reached during the year under review.

Diversification, Expansion

The Textile Division of the Company, as I had mentioned last year, has embarked upon a programme of progressive improvement and diversification of its products. It has further during the year, developed some more sophisticated qualities which have been received well in the market. The progress in this direction is continuing. The quality of the Company's rayon and tyre cord yarn continues to be excellent and as you must have noticed in the Directors' Report, it is being exported in increasing quantities to the most advanced countries of the world.

As regards the Company's expansion programme, you will be happy to know that the Government has already given us a "carry-on-business" licence in respect of our Cement Project on which work was already in progress. It is expected that the Cement Factory will go into production by the end of 1972. We have two more applications for major industrial projects with the Government—one for Pulp and the other for Seamless Pipes. As the Government is anxious to increase indigenous production and reduce dependence on imports, let us hope it will favourably consider these two applications also.

Happenings in Bangla Desh

The unfortunate happenings in Bangla Desh have affected our economy, millions

and millions of refugees from that region have been trekking to India and it has become a great burden for the country to feed and look after them. The merciless sins committed by Pakistani rulers in Bangla Desh are unparalleled in the history of mankind. In recent history only Hitler committed crimes of this magnitude and the history tells what his fate had been.

Our Prime Minister, who enjoys the backing of all our countrymen, has made a firm determination to send back the evacuees. Although this is a very difficult task, but as we have seen, she has succeeded in all the missions she has undertaken. Now even the world opinion is veering round in India's favour. The powerful countries of the world should now apply pressure on Pakistan to take back the refugees and only after this happens, will peace dawn on both the countries. It is not too late ever now for Pakistan to understand that it is in its interests to take back the refugees.

Stable and Strong Government

For accelerating the process of development and growth, we need to harness all the talent and skill in the country. Fortunately, we have now a very stable and strong Government with a thumping majority in Parliament. Our Prime Minister too is very popular, brave and forward-looking. Let us hope that the Government

will now adopt a bold and courageous policy to stimulate savings and investments for setting up new enterprises and take all necessary steps to increase production. To generate more savings prices must be held in check by augmenting the supply of consumer goods. Population in the country is rising fast and unless production rises at a faster rate, there will be no improvement in our living standard.

Large-scale Industries need to be Encouraged

The encouragement given by Government to small-scale industries is quite understandable. But small-scale industries alone cannot achieve the objectives of providing employment to millions of our unemployed and of producing consumer and other goods on the scale needed to fill the vacuum in the home market and also to create surpluses for export. Besides, exports can be stepped up only with mass production and with competitive prices and this can be possible only if the productive units are fairly large and of economic size of which the Government is fully aware. The Government, therefore, must also encourage the setting up of large-scale industries.

Before I conclude, I would like to express my warm and hearty thanks to the workers, staff and officers of the Company for their hard and devoted work which enabled the Company to show such excellent results. I hope they will continue to work with the same devotion and loyalty in future.

Thank you

N.B.:—This does not purport to be a report of the proceedings of the Annual General Meeting.

ARE YOU CONCERNED ABOUT UNEMPLOYMENT?

Then your views and suggestions are valuable.

The Expert Committee on Unemployment invites views and comments that will help the Committee in the task assigned to it.

The Committee is interested in the following aspects :—

- 1) Directions in which programmes in the Fourth Five Year Plan could be more employment-oriented.
- 2) Strategy for generating employment, both short term and long term including technical, financial and fiscal measures.
- 3) Specific programmes to promote productive employment among the educated unemployed in general and the technical personnel in particular and to suggest measures to rectify the imbalance between the out-turn of educated and technical persons on the one hand and the available employment opportunities on the other.

Views and comments are welcome from individuals as well as associations.

Please send your communications before July 15, 1971.

N. S. Pandey
Member-Secretary
Expert Committee on
Unemployment

Vigyan Bhavan Annexe
Maulana Azad Road
New Delhi-1.

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STATISTICS

W H E A T

India—Area, production and yield of wheat :
1964-65 to 1969-70

Year (July-June)	Area (Million hectares)	Production (Million tonnes)	Yield (Kgs. per hectare)
1964-65	13 46	12 29	913
1965-66	12 57	10 39	827
1966-67	12 84	11 39	887
1967-68	15 00	16 54	1,103
1968-69	15 96	18 65	1,169
1969-70	16 63	20 09	1,209
Compound growth rate between 1964-65 and 1969-70	4 3	10.3	5.7

SOURCE : Agricultural Prices Commission, *Report on Price Policy for Rabi Foodgrains for the 1971-72 Season*, March 1971, p. 17.

Inter-State disparities in wholesale prices
of wheat

State	1969-70 (Rs. per quintal)	1970-71 (Rs. per quintal)	Percent- age change in col. (3) over (2)
(1)	(2)	(3)	(4)
<i>White wheat</i>			
(a) Uttar Pradesh ..	90.64	80.73	-10.9
(b) Bihar	109.13	103.42	-5.2
Difference (b-a) ..	8.49	22.69	+22.7
(c) Madhya Pradesh ..	90.18	85.47	-5.2
(d) Maharashtra ..	109.81	109.04	-0.7
(e) Gujarat	101.84	102.43	+0.9
Difference (d-c) ..	19.63	23.57	+20.1
Difference (e-c) ..	11.66	16.96	+45.5
<i>Mexican Red</i>			
(a) Uttar Pradesh ..	81.65	75.21	-7.9
(b) Bihar	85.56	84.56	-1.2
Difference (b-a) ..	3.91	9.35	+139.1
<i>Indigenous Red</i>			
(a) Uttar Pradesh ..	81.83	71.08	-13.1
(b) Bihar	93.58	89.84	-4.0
Difference (b-a) ..	11.75	18.76	+59.7
(c) Madhya Pradesh ..	88.61	79.20	-10.6
(d) Maharashtra ..	107.45	103.73	-3.5
(e) Gujarat	90.55	89.47	-1.2
Difference (d-c) ..	18.84	24.53	+30.2
Difference (e-c) ..	7.94	10.27	+29.3

SOURCE : Agricultural Prices Commission, *Report on Price Policy for Rabi Foodgrains for the 1971-72 Season*, March 1971, p. 28.

State-wise procurement targets for
wheat : 1971-72

(Lakh tonnes)

State	Procurement 1970-71	Procurement target	
		1971-72	Percentage to total
Bihar	..	0.50	1.3
Haryana	4.82	5.50	13.8
Madhya Pradesh ..	0.08	0.50	1.3
Punjab	23.63	25.50	63.7
Rajasthan	..	0.75	1.8
Uttar Pradesh ..	3.22	6.50	16.2
Others	0.11	0.75	1.9
All India	31.56	49.00	100.0

SOURCE : Agricultural Prices Commission, *Report on Price Policy for Rabi Foodgrains for the 1971-72 Season*, March 1971, p. 7.

Wheat—Market arrivals

Year (April-March)	Number of markets	Market arrivals (Million tonnes)	Percentage to total production
1964-65	314	0.77	7.8
1965-66	314	0.93	7.6
1966-67	314	0.80	7.7
1967-68	558	1.65	14.5
1968-69	558	3.22	19.5
1969-70	558	3.83	20.5
1970-71	558	4.59	22.8

SOURCES : (1) For the years 1964-65 to 1966-67, Directorate of Economics and Statistics, Ministry of Food, Agriculture, Community Development and Cooperation, *Bulletin on Food Statistics*, April 1969, p. 20.

(2) For the years 1967-68 to 1970-71, Agricultural Prices Commission *Report on Price Policy for Rabi Foodgrains for the 1971-72 Season*, March 1971, p. 19.

State-wise production of wheat : 1964-65 to 1969-70

(Lakh tonnes)

State	1964-65	1965-66	1966-67	1967-68	1968-69	1969-70	Percent- age to total (1969-70)	Variation in 1969-70 over 1964-65	
								Lakh tonnes	Percent- age
Andhra Pradesh	0.04	0.02	0.03	0.03	0.03	0.04	0.01	..	..
Assam	0.03	0.03	0.04	0.04	0.05	0.07	0.02	0.04	133.3
Bihar	4.18	4.77	3.65	9.14	12.59	12.00	5.97	7.82	187.1
Gujarat	4.25	5.54	4.57	7.00	6.21	5.92	2.94	1.67	39.3
Haryana	9.28	9.02	10.54	14.66	15.22	21.20	10.55	11.92	128.4
Himachal Pradesh ..	2.62	1.60	2.50	2.63	2.59	3.00	1.49	0.38	14.5
Jammu and Kashmir ..	0.82	1.22	1.12	1.42	2.10	2.50	1.24	1.68	204.9
Kerala	..	..	..	..	..	..	..	..	..
Madhya Pradesh ..	19.81	13.30	10.31	18.82	20.08	22.16	11.02	2.35	11.9
Maharashtra	4.13	2.80	3.67	3.60	4.28	3.91	1.94	0.22	— 5.3
Mysore	1.01	0.47	0.47	1.33	1.60	1.36	0.67	0.35	34.7
Nagaland	..	..	..	..	..	..	..	..	..
Orissa	0.07	0.10	0.14	0.15	0.17	0.19	0.09	0.02	171.4
Punjab	23.78	19.16	24.94	33.52	45.20	48.00	23.58	24.22	101.9
Rajasthan	11.03	7.85	8.72	13.19	11.78	12.75	6.24	1.72	15.6
Tamil Nadu	0.01	0.01	0.01	0.01	0.01	0.01	..	..	..
Uttar Pradesh	41.18	37.55	42.30	58.41	60.87	63.14	31.42	21.96	53.3
West Bengal	0.28	0.34	0.46	0.71	3.00	4.00	1.99	3.72	42.9
All India	112.90	103.94	112.93	165.40	186.52	200.93	100.00	88.03	78.0

SOURCES : (1) Directorate of Economics and Statistics, Ministry of Food, Agriculture, Community Development and Cooperation, *Estimates of Area and Production of Principal Crops, India 1968-69* (Summary Tables), November 1969, pp. 50-57.
(2) Agricultural Prices Commission, *Report on Price Policy for Rabi Foodgrains for the 1971-72 Season*, March 1971, pp. 16-17.
(3) *Yojana*, September 20, 1970, p. 14.

WEEKLY ECONOMIC INDICATORS

STATISTICS

RESERVE BANK OF INDIA

(Rs in crores)

Friday	11-6-1971	4-6-1971	12-6-1970
Issue Department			
Notes held in Banking Department ..	12.01	11.79	12.35
Notes in circulation ..	4,502.91	4,424.77	4,119.60
Total notes issued ..	4,514.92	4,436.56	4,131.95
Gold coin and bullion ..	182.53	182.53	182.53
Foreign securities ..	293.42	278.42	401.42
Rupee coin ..	36.05	37.69	50.47
Government of India rupee securities ..	4,002.93	3,937.92	3,407.63
Banking Department			
Deposits of Central Government ..	89.36	56.16	151.13
Deposits of State Governments ..	3.43	4.04	3.73
Deposits of Scheduled Commercial Banks ..	213.72	194.73	176.22
Deposits of Scheduled State Co-operative Banks ..	11.74	10.13	10.02
Deposits of Non-Scheduled State Co-operative Banks ..	0.81	0.76	0.71
Deposits of other banks ..	0.28	0.25	0.20
Other Deposits ..	60.29	64.02	97.84
Other liabilities ..	770.78	785.12	607.76
Total liabilities or assets ..	1,150.52	1,115.32	1,047.63
Notes and coins ..	12.08	11.85	12.44
Balances held abroad ..	81.03	90.16	111.66
Loans and advances to—			
(i) Central Government ..	—	—	—
(ii) State Governments ..	432.43	400.92	209.12
Loans and advances to Scheduled Commercial Banks ..	154.63	139.28	285.28
Loans and advances to State Co-operative Banks ..	253.01	254.47	239.73
Other loans and advances ..	46.68	45.80	15.51
Bills purchased and discounted Internal ..	13.74	16.63	—
Government Treasury Bills ..	38.59	29.09	19.13
Investments ..	62.11	71.33	99.04
Other assets ..	50.22	55.77	55.71

Note: The gold reserves of Issue Department are valued at Rs 53.58 per 10 grams upto January 31, 1969 and at Rs 84.39 per 10 grams thereafter.

COST OF LIVING INDEX: 1970-71 (Base: 1960=100)

Centre	Industrial workers			Urban non-manual employees		
	Jan.	Feb.	Mar.	Nov.	Dec.	Jan.
Ahmedabad ..	175	175	175	172	171	170
Ajmer ..	183	184	N.A.	170	169	170
Alwaye ..	195	192	188	(a)	(a)	(a)
Anantgar ..	191	191	N.A.	188	187	187
Bangalore ..	190	188	189	176	176	175
Bombay ..	181	182	184	171	168	167
Calcutta ..	177	175	176	174	171	167
Delhi ..	203	205	205	174	173	174
Digboi ..	190	185	183	(a)	(a)	(a)
Gwalior ..	189	189	188	192	189	188
Hyderabad ..	189	186	188	177	177	175
Jamshedpur ..	178	177	179	(a)	(a)	(a)
Kanpur ..	189	191	N.A.	179	176	176
Madras ..	173	173	172	180	181	180
Nagpur ..	188	185	183	170	168	168
Patna ..	(a)	(a)	(a)	194	191	N.A.
Sambalpur ..	185	188	N.A.	180	176	173
Shillong ..	(a)	(a)	(a)	172	166	N.A.
Srinagar ..	174	179	N.A.	186	187	188
Trivandrum ..	(a)	(a)	(a)	181	182	N.A.
Yamunanagar ..	193	196	N.A.	(a)	(a)	(a)
All-India ..	184	184	184	177	175	174
All-India (corresponding month of 1969-70) ..	177	177	179	167	168	168

(a) The original source of data does not cover this centre.

MONEY RATES*

	1971			1970
	June 11	June 4	May 28	June 12
Reserve Bank of India (Bank Rate) ..	6	6	6	5
Selected Major Scheduled Commercial Banks†				
Call money from Banks:				
Bombay ..	4.50	4.50	4.50	6.64
Calcutta ..	—	—	4.53	5.81
Madras ..	4.00	4.06	4.29	6.93

* Rates other than Bank Rates are weighted averages, weights being proportional to deposits.

† The rates relate to local head offices of the banks and are exclusive of brokerage.

SCHEDULED COMMERCIAL BANKS

(Rs in crores)

	For the week ended (Friday)		
	11-6-1971	4-6-1971	12-6-1970
1. Demand liabilities—			
(a) Demand deposits—			
(i) From banks ..	159.84	157.86	129.57
(ii) From others ..	2,692.99	2,687.51	2,264.68
(b) Borrowings from banks ..	47.93	47.14	30.19
(c) Others ..	166.64	166.24	130.07
2. Time liabilities—			
(a) Time deposits—			
(i) From banks ..	41.74	35.56	42.12
(ii) From others ..	3,441.77	3,423.49	2,924.53
(b) Borrowings from banks ..	6.21	8.33	6.36
(c) Others ..	45.03	44.73	30.82
3. Aggregate deposits (1) (a) (ii) + (2) (a) (ii) ..	6,134.76	6,111.06	5,189.21
4. Borrowings from Reserve Bank ..	154.63	139.28	285.28
(a) Against usance bills and/or promissory notes ..	89.10	68.07	103.11
(b) Others ..	65.53	71.21	182.17
5. Borrowings from State Bank and/or a notified Bank and the State Governments ..	50.61	53.08	62.24
6. Cash ..	173.45	174.42	182.08
7. Balances with Reserve Bank ..	204.43	207.29	178.11
8. Cash and balances with Reserve Bank ..	377.88	381.71	339.16
9. 8 as per cent of 8 ..	6.16	6.25	6.36
10. Balance with other banks in current account ..	71.34	68.09	59.80
11. Money at call and short notice ..	66.90	63.49	48.78
12. Investments in Government securities ..	1,366.88	1,366.25	1,186.79
13. 12 as per cent of 8 ..	22.28	22.36	22.87
14. Advances—			
(a) Loans, cash credits and overdrafts ..	3,812.32	3,793.41	3,482.80
(b) Due from banks ..	40.35	39.31	49.42
15. Inland bills purchased and discounted ..	723.61	721.74	538.45
16. Foreign bills purchased and discounted ..	203.71	201.13	176.72
17. Total Bank Credit (14) (a) + 15 + 16 ..	4,739.64	4,719.82	4,197.96
18. 17 as per cent of 8 ..	77.20	77.23	80.90

MONEY SUPPLY WITH THE PUBLIC

(Rs in crores)

	June 4, 1971	Variation over preceding		
		Week	Month	Year
Money Supply with the Public ..	7,408	66	66	761
Currency with the Public ..	4,598	56	20	835
Deposit Money with the Public ..	2,810	7	46	426
Factors affecting Money Supply				
Net Bank Credit to Government Sector ..	5,759	59	144	877
Net Bank Credit to Commercial Sector ..	2,027	7	— 21	163
Net Foreign Exchange Assets of Banking Sector ..	561	— 9	— 5	— 105
Other factors ..	— 939	9	— 52	— 174

RBI INDEX NUMBERS OF SECURITY PRICES

(1951-62=100)

Groups	Week ended		
	12-6-1971	15-5-1971	13-6-1971
Debentures—All-India ..	92.7	92.0	92.6
Preference Shares All-India ..	84.6	85.1	88.0
Variable Dividend Industrial Securities			
Agriculture and Allied Activities ..	89.3	89.0	86.7
Mining and Quarrying ..	53.3	54.1	54.8
Processing and Manufacturing ..	95.6	97.4	96.0
All-India—Total ..	98.7	100.5	98.7
Regional			
Bombay ..	109.0	111.2	112.0
Calcutta ..	95.9	97.6	92.9
Madras ..	88.9	88.7	85.8
Ahmedabad ..	77.1	78.4	84.4
Delhi ..	112.0	115.1	119.8

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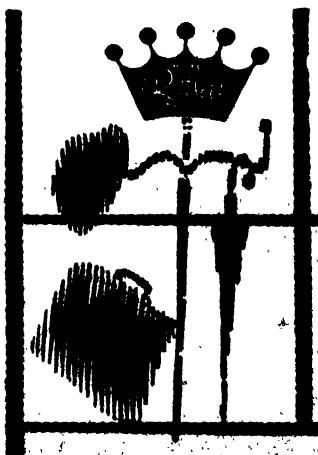
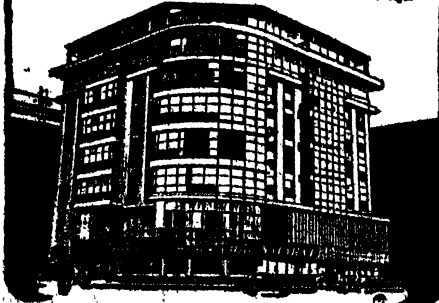
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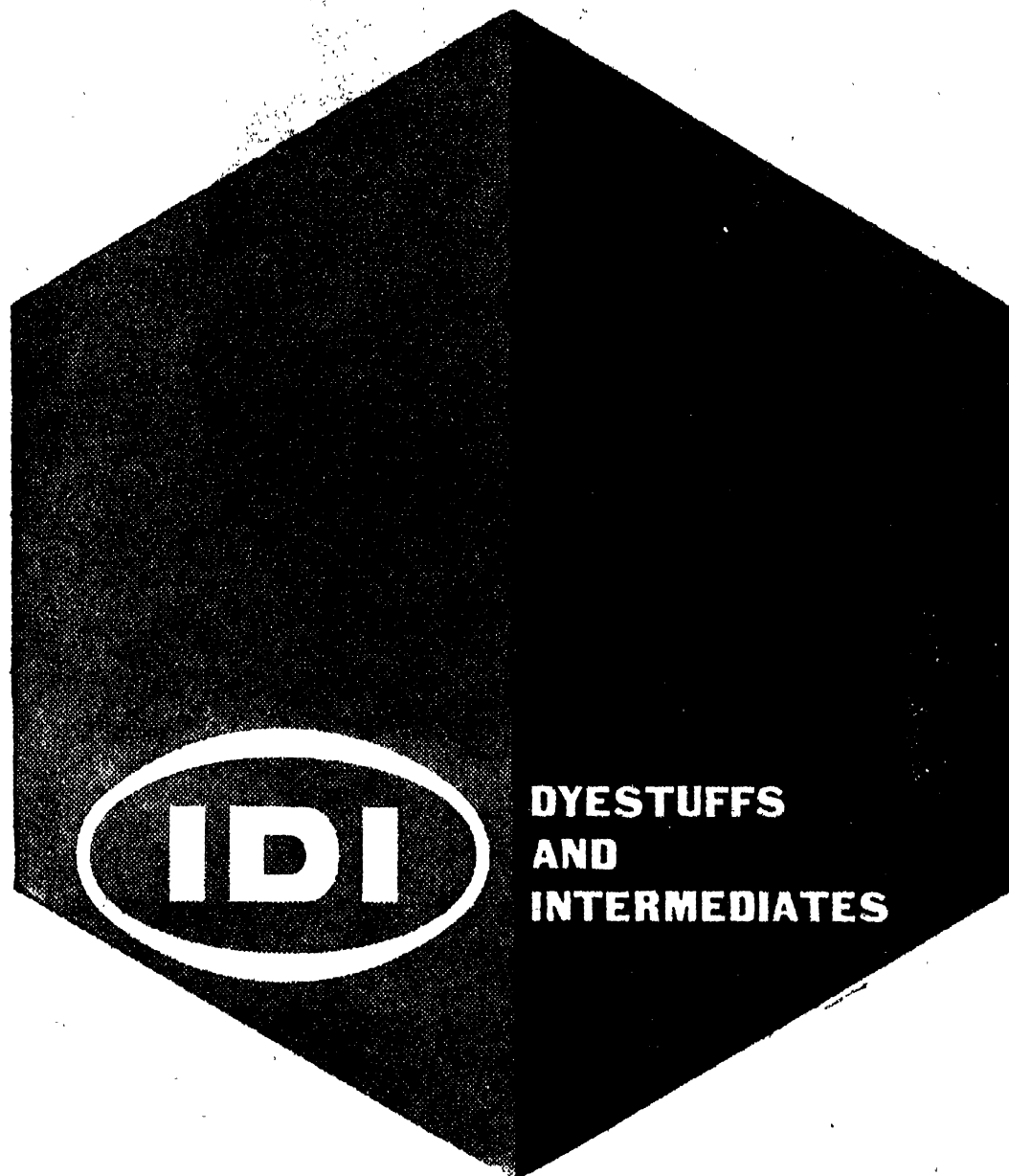
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ਸਤਿਨਾਮੁ
(ਅੰਤਰਿਮਾਨੁ ਸਾਗਰ)
[4237]
ਅੰਤਰਿਮਾਨੁ ੧੦੦ ੦੦੦

ਸੰਗ੍ਰਹਿ

(ਕਲਾ-ਕਲਾਸਿਕ)

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